No. 28,989

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Wednesday February 2 1983

D 8523 B

Wall Street: full closing prices, Pages 24–26

NEWS SUMMARY

GENERAL

£600m rebate backed by EEC

A majority vote of EEC members formally supported budget proposals making special payments of nearly £600m ($914m) to Britain and West Germany in 1982-83.

But the payment could still be blocked by the European Parliament plenary session in Strasbourg next week. Diplomats and officials do not expect immediate implementation. Page 14

European governments which have already paid compensation for nationalising private companies will be anxiously following a multi-million pound claim by UK shipbuilding interests, following a ruling by the European Human Rights Commission that the British state takeover violated their property rights. Page 14

Irish showdown off

Showdown on the future of Ireland's ex-Premier Charles Haughey as leader of Fianna Fail, prompted by the bugging scandal, was postponed because opposition party MP Clem Coughlan was killed in a car crash. Page 2

Lagos fire charge

Twenty people, including Nigeria's fire service chief, appeared in court in Lagos on murder and arson charges, following two deaths in the burning down of the country's telecommunications headquarters last week. Refugee exodus, Page 14

In Sydney, Mohammed Ali Beydoun, a naturalised Australian of Lebanese origin, was charged with planting a bomb at a Jewish club in December.

Iran executions

Iran's leftist Mujahedin party said ten of its supporters had been executed in the northern city of Amol.

Floods in Ecuador

Monsoon rains have flooded a third of Ecuador, says the Government, causing $180m damage, and posing a threat of a cholera epidemic to 1m.

Kampuchea refugees

About 30,000 Kampuchean refugees were seeking shelter near the Thai border from fighting between Vietnamese forces and guerrillas.

17 die in Lebanon

Christian and Druze militia exchanged artillery barrages in the central Lebanon mountains, killing 17 and wounding 34. Advance party of British troops arrived in Beirut to join the peace-keeping force. Page 3

Strike breaker killed

Truck driver breaking a strike by independent truckers was shot dead in North Carolina. Page 5

Great Dane hoaxer

Danish Medical Association has warned hospitals and doctors of a 41-year-old man who is as fit as a fiddle but is a master at simulating serious diseases, having persuaded hospitals to admit him 27 times in three years. A psychiatrist abandoned treating him after one session of tall stories.

Briefly...

Prince Hiro of Japan, second in line to Emperor Hirohito, may attend Oxford University this year.

Cairo-Alexandria train crashed into another, killing 19. Picture, Page 3

Princess Marie-Astrid of Luxembourg is expecting a baby this summer.

Agence France Presse journalists staged a 14-hour pay strike.

BUSINESS

Gold goes higher; mining shares up

● GOLD continued to advance, gaining $7.5 to reach $507.5 in London, its highest since April 1981, $9 in Frankfurt to close at $508.5, and $8 in Zurich to reach $508.5. In New York the Comex February settlement was $503.7 ($510.1) Page 27. The FT gold mine shares index rose by 22 points to a record 699. Page 23. Gold Fields of South Africa shares jumped £5.375 to £78.125 in London on half-year profits of R65.3 ($61.2m), an improvement of 32.6 per cent. Page 18

● DOLLAR recovered slightly in New York to £1.5228, DM 2.479, SwFr 2.0385, FFr 7.03, and Y241.25 after easing earlier in London, where it closed at DM 2.482 (from DM 2.466), FFr 6.97625 (FFr 6.995), SwFr 2.0125 (SwFr 2.0135), and Y239.15 (Y240). It nevertheless managed to edge up from 121 to 121.1 on its trade-weighted index. Page 30

● STERLING showed marginal gains, by 40 points to $1.524, to DM 3.755 (from DM 3.75) and SwFr 3.07 (SwFr 3.0625). It was unchanged at FFr 10.63, and eased to Y364.5 (Y365). Its trade weighting edged up from 80.9 to 81. Page 30

● LONDON: FT Industrial Ordinary index gained 5.7 to reach 628.4. Government securities showed gains averaging 27 per cent. Page 23; FT Share Information Service, Pages 28, 29.

● WALL STREET: Dow Jones index closed 15.91 down at 1059.79. Page 23; Full share listings, Pages 24-26

● TOKYO: Nikkei Dow index was 2.65 up at 8,105.52, but the Stock Exchange index eased one point to 587.58. Page 23

● FRANKFURT: Commerzbank index slipped 2.3 to 753.8. Page 23

● PORTUGAL raised import surcharges from 10 to 30 per cent, to help its balance of payments.

● NIGERIA is considering delaying the start of some public investment projects, and slowing some under way.

● BANK for International Settlements will stop providing bridging loans to countries with acute balance-of-payment problems, says its president, Fritz Leutwiler.

● SCOTT PAPER profits fell sharply to £4.12m in the fourth quarter against $48.6m in the 1981 period on sales down to $551.2m from $598.4m. Full-year profits were cut to $74.5m from $133.3m and sales slipped to $2.29bn from $2.3bn.

● AVON PRODUCTS earnings dropped to $196.8m from $219.9m in the year, with 1982 results reflecting the acquisition of Mallinckrodt in March. Sales advanced to $3bn from $2.61bn.

● GALLAHER, UK tobacco group, reported pre-tax profits for 1982 6.6 per cent down at £75.1m ($114.5m). Page 18; Lex, Page 14

● REED INTERNATIONAL, UK paper and publishing group, produced 1982 pre-tax profits 28 per cent down at £40m ($61m). Page 18; Lex, Page 14

● BOEING, U.S. aircraft maker, reported 1982 earnings 38 per cent down at $292m. Page 15

● MIDLAND BANK of the UK is to introduce the Eurocheque in Britain, giving customers a larger cheque guarantee. Page 6

Andropov rejects out of hand Reagan's missile ban proposal

BY OUR FOREIGN STAFF

THE SOVIET leader, Mr Yuri Andropov, yesterday rejected the call by President Ronald Reagan of the U.S. for a bilateral summit meeting at which they would sign an agreement banning all U.S. and Soviet land-based, medium-range nuclear missiles.

Mr Andropov said in an interview with the Soviet news agency Tass that there was "nothing new" in President Reagan's proposal, made in an open letter to "the people of Europe" and read out by U.S. Vice-President George Bush in West Berlin on Monday.

The U.S. State Department last night expressed disappointment at Mr Andropov's statement.

In an earlier comment the Soviet news agency Novosti described the latest Reagan proposal as being "in the best traditions of a Hollywood promotion campaign."

In spite of these scathing comments, Mr Andropov told Tass that he was not opposed to a summit in principle, as long as no preconditions were set by the U.S.

"We always considered and still consider that meetings at the highest level have a special significance for the solution of difficult problems. For us, this is not a question of political or propaganda games."

Mr Andropov said be was prepared to sign with Mr Reagan an agreement reducing nuclear arms and the number of nuclear weapon-carrying aircraft to equal levels. Mr Reagan's latest proposal was, however, no more than a repetition of his "zero option" solution, and this tha Soviet Union could never accept.

Under the zero option proposal the U.S. would refrain from deploying 572 new medium-range missiles in Europe at the end of this year in return for the dismantling by the Soviet Union of its force of more than 300 SS-20 missiles targetted on Western Europe.

Mr Andropov said about this suggestion: "one cannot seriously speak about a proposal under which the Soviet Union would have to scrap unilaterally all its medium-range missiles, while the U.S. and its Nato allies would retain all their nuclear weapons of this category."

It was precisely this unrealistic position of the U.S. which had blocked progress at the nuclear disarmament talks in Geneva, Mr Andropov said. The fact that President Reagan bad reiterated it indicated that the U.S. did not want to reach a mutually acceptable agreement with the Soviet Union.

The Soviet leader repeated earlier warnings that his country would answer "in an appropriate way" if the Nato allies deployed new missiles in Europe, hut gave no further details.

His rapid response to Mr Reagan's proposal for a summit meeting is an indication that the Kremlin is anxious not to lose the propaganda advantage it gained in Western Europe because of the more conciliatory noises made by Mr Andropov on nuclear disarmanent.

Mr Bush moved on to the Netherlands yesterday where be was expected to face some tough talking over Nato nuclear missiles, an issue which has deeply divided the Dutch.

Mr Ruud Lubbers, the Prime Minister, is expected to tell Mr Bush today that it is essential for the U.S. to negotiate seriously with Moscow to seek a compromise

The Netherlands officially remains committed to accepting 48 cruise missiles on its soil if Moscow rejects Nato's zero option proposal.

Bush meets Vogel, Page 2; Superpowers in propaganda battle, Page 4

Six Mideast states press Opec for $4 cut within a week

BY ROGER MATTHEWS AND CARLA RAPOPORT IN LONDON

The Gulf states will cut their oil prices by $4 a barrel within a week unless there is a prior agreement on pricing and production by the members of the Organisation of Petroleum Exporting Countries (Opec), the Kuwait news agency reported yesterday.

The agency, quoting officials, said the decision had been taken by the members of the Gulf Co-operation Council – Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Bahrain and Oman, the other members of Opec had been informed.

Other Gulf Arab reports suggested, however, that a concerted downward price movement was not expected until the middle of the month and that Britain was thought likely to lead the way.

The Kuwait report came amid increasing signs of international pressure for lower prices and intensive consultations among the main producers.

In London the major customers of British National Oil Corporation (BNOC) have been stepping up pressure for a cut in the official price of North Sea oil. BNOC, the lead trader of North Sea oil, confirmed yesterday that it has extended its discussions on a possible reduction to include its major suppliers, as well as customers.

The move pushes BNOC one step nearer to a cut in the official price of $33.50. It is understood, however, that the major suppliers have continued to press for a delay to preserve some stability in the market.

Three U.S. oil companies, Texaco, Shell and Cities Service, an Occidental subsidiary, yesterday cut by $1 to $30 a barrel the price they will pay for domestically-produced crude. Their decision followed a similar move by Gulf Oil on Monday, and is seen as the response by the U.S. majors to declining spot market prices.

Reports from Italy indicated that the Soviet Union had reduced its price for Urals crude by $2.15 to $29.35 a barrel. The Soviet move was considered significant within the oil industry because it was the first producer to lower prices officially. There was, however, a note of caution because Moscow tends to vary prices according to individual contracts. An Italian official with the company which purchases Soviet crude said that the price reduction applied to a long-term contract.

In a light trading day, prices on the London spot market remained weak, with the price of Forties oil – the North Sea reference crude – quoted at around $29.00.

City of London analysts confirmed the view that BNOC could well lead the way on a cut, but emphasised that the large companies would prefer an orderly reduction in the price.

Sheik Ahmed Zaki Yamani, Saudi Arabia's Minister of Oil, repeated in an interview published yesterday that his country was not committed to a $34 a barrel reference price.

Sheikh Yamani is expected to visit Lagos in Nigeria soon for consultations with the Government, according to the Saudi press agency. The Saudi minister held talks on Monday in Jeddah with President Shagari of Nigeria during which the sharp decline in Nigerian production is certain to have been discussed.

Gulf Oil in Benelux sale to Kuwait

By Paul Betts in New York

GULF OIL, the sixth largest U.S. oil company, is selling its downstream petroleum operations in Belgium, the Netherlands, and Luxembourg to the Kuwait Petroleum Corporation.

The deal is believed to be the first significant purchase of European downstream assets by a member of Opec.

The deal comes only a few days after Gulf announced that it had sold its Swiss refining and marketing operations to Royal Dutch Shell, and that its British downstream operations were also for sale.

It forms part of a key strategy by the Pittsburgh-based oil giant to pull out of its unprofitable downstream operations in Europe and concentrate its resources predominantly in the U.S. markets.

The deal is thought to be worth between $100m and $200m.

The transaction is further evidence of a bold attempt by Kuwait to build a major presence in Western oil markets.

Mr James Lee, Chairman of Gulf, announced the disposal at a presentation to security analysts in New York yesterday. But he did not disclose details of the price.

Under the terms of the transaction KPC will acquire Gulf's retail network of some 750 service stations in Belgium, the Netherlands and Luxembourg, along with a 75,000 barrel per day refinery at Europoort in the Netherlands, two lubricant plants, nine terminals, and the marketing companies which control these operations. The plants were specifically designed to handle Kuwait crude oil.

Public spending in UK £2bn less than target

BY MAX WILKINSON IN LONDON

BRITAIN's total public spending for the current financial year is likely to be £2bn ($3bn) less than the target announced at the time of the last budget, according to the latest Government estimate released yesterday.

The latest Public Spending White Paper issued yesterday shows that the reduction has been achieved in spite of about £800m extra costs relating to the defence of the Falkland islands.

Some of the overall reduction results from accounting changes. After allowing for these, it is estimated that the spending total for 1982/83 will be about £1bn less than planned a year ago. On the same basis, the latest estimate for this year's spending is about £600m less than the Government's estimate published in the November autumn statement.

Taken on its own this would suggest that Sir Geoffrey Howe, the Chancellor of the Exchequer has more room for manoeuvre in his next budget than implied by the figure of £1bn for "fiscal adjustment" given in the autumn statement.

However, Mr Leon Brittan, Chief Secretary to the Treasury, cautioned yesterday that it would be wrong to make a simple deduction of this kind. He said: "There have been a number of changes of considerable importance since the autumn which work in both directions, including, for example, the sterling exchange rate and oil prices."

He claimed that the white paper showed that public spending was firmly under control and was "evidence of the benefits of reducing the rate of inflation and of our determination to release to the private sector resources which would otherwise have been consumed by the public sector.

UK PUBLIC SPENDING CASH PLANS

Financial year	Planning Total (£bn)	Change on previous year: %
1981–82 (actual)	104.68	+12.8
1982–83 (estimate)	113.00	+ 8.0
1983–84	119.55	+ 5.8
1984–85	126.37	+ 5.7
1985–86	132.26	+ 4.7

Source: UK Treasury

Total planned spending for 1983/84 is shown at £119.6bn, an increase of nearly 6 per cent, compared with the new estimate for the current year's out-turn. On the assumption that the annual inflation rate will be 5 per cent by next November, this total represents a very small rise in real terms.

No estimate has been given for the real change in spending plans for subsequent years, partly because under the new cash planning system the totals may change substantially, depending on the outlook for inflation.

The white paper shows that the Government is expecting substantial benefits from lower interest payments on the national debt. Net interest payments are expected to be about £500m lower in 1983/84 than estimated in the previous white paper.

The white paper shows that spending has risen by 5 per cent in real terms between the 1979/80 fi-

Continued on Page 14

Details, Page 8; Editorial comment, Page 12

Philips chief backs Thomson move

BY CHRISTOPHER LORENZ IN DAVOS

DR WISSE DEKKER, the president of Philips, yesterday came out in strong public support of the French Thomson group's proposed acquisition of Grundig, the troubled West German consumer electronics manufacturer, in which Philips holds a 24.5 per cent stake.

But Dr Dekker made it clear that Philips wants Thomson to produce the Philips-Grundig V2000 cassette recorder, in preference to Japan's VHS. Though not "a condition" of Philips' support for the deal – the Dutch company plans to retain its current stake – it would be "illogical" for Thomson not to take up the V2000, Dr Dekker declared at the European Management Forum's annual Davos symposium.

Describing the planned Thomson deal as "a good move, not a bad thing," Dr Dekker said it would improve the European electronics industry's economies of scale and competitiveness. He implied strongly that he hoped that, after next month's general election, the West German Economics Ministry would overrule what he saw as the likely opposition of the Federal Cartel Office.

Arguing strongly for much more co-operation between European electronics companies, Dr Dekker said that, if this conflicted with the rules of competition in the Treaty of Rome, then it would be better to adapt the relevant articles of the Treaty, rather than adapt the co-operation itself. His view was supported by M Raymond Barre, the former French Premier and the chairman of the symposium. Laws which had beed laid down in accordance with past attitudes should not be adhered to in a dogmatic way if circumstances had changed, he said.

In particular, Dr Dekker called for: a pooling of companies' resources in pre-competitive research; joint product development; shared production; "and even, if necessary, in complementary marketing." Companies should work towards common standards, and there should be a restructuring of the European electronic components industry.

In addition to much closer co-operation within Europe, Dr Dekker called for links with Japan. The current video recorder situation, with several incompatible systems on the market, was "a disaster, both for industry and the consumer," he said. Hence, Philips' discussions with five Japanese companies on a possible common standard for 8mm video tape systems, which – despite Japanese scepticism – the Dutch company hopes would apply to the next generation of VCRs, as well as to hand-held cameras.

Japan's VCR manufacturers were attacked by Dr Dekker for the current over-capacity in the industry. He claimed that, with an annual production capacity of 11m units, the Japanese had an over-capacity of 6m. There was an unsold inventory of 1m recorders in the U.S. and 1½m in Europe, he claimed. This was "far beyond marketing requirements," be said, and was resulting in discounting and uneconomic priecing.

● North American Philips, 61 per cent owned by Dutch parent, yesterday reported 6 per cent fall in income from continuing operations to $73.6m in 1982. Sales were marginally ahead at $3.2bn.

National Steel plant buy-out deal closer

By Paul Taylor In New York

NATIONAL STEEL Corporation, the sixth largest U.S. steel manufacturer, has agreed the broad outlines of a potential deal with 10,000 workers at its Weirton, West Virginia plant for an employee buy-out of the huge steel mill.

Confirmation that the two sides are edging towards a firm agreement on the sale of Weirton after months of negotiation came with National's fourth quarter and full year results.

If the negotiations are successful, they could lead to the creation of the biggest employee-owned company in the U.S. National announced its intention to sell the Weirton plant – one of the most modern in the country with sales in 1981 of more than $1bn – last March.

The group reported a $53m fourth quarter operating loss together with special charges of $229m after tax, producing a final net loss for the quarter of $282m, or $15.09 a share, against a profit of $16.8m or 89 cents a share in the 1981 period.

The company said the fourth quarter special charges included a $286m pre-tax provision for "the anticipated loss on the proposed sale of the Weirton steel division" and a $80m pre-tax charge for the write-off of other permanently idled facilities. These charges were partly off-

Continued on Page 14

U.S. steel complaint suspended, Page 4

CONTENTS

Summit depends on missiles pact, says Bush

BY LESLIE COLITT IN BERLIN AND JUREK MARTIN IN TOKYO

PRESIDENT Ronald Reagan's offer of a summit meeting with Mr Yuri Andropov, the Soviet leader, to sign an agreement banning medium-range nuclear missiles was made because of "some feeling the President was unwilling to meet with Mr Andropov," said Mr George Bush yesterday in West Berlin.

The U.S. Vice-President said he hoped the offer, which was contained in an open letter from Mr Reagan to the "people of Europe," would lay this argument to rest. But he acknowledged that the U.S.-Soviet negotiations in Geneva on reducing missiles would have to succeed before a summit could take place.

Meanwhile in Tokyo, Mr George Shultz, the U.S. Secretary of State, assured Japan that Washington is just as much opposed to the deployment of Soviet SS-20 nuclear missiles in Asia as it is in Europe.

But, at a news conference yesterday, he stopped short of saying that Japanese concerns about the Soviet threat would be a prime consideration in the Geneva negotiations on European intermediate nuclear forces.

The missiles question has emerged as easily the most delicate issue in Mr Shultz's talks with the Government here. It is also likely to loom large when he goes on to Peking later on his Asian tour.

Mr Shultz's task has not been made easier by the simultaneous mission of Mr Bush to Europe. Japan remains a staunch supporter of the "zero option," calling for the destruction of all intermediate nuclear missiles, but it knows that Mr Bush is telling his European audience that, while this remains the official U.S. position, the Administration might compromise.

At his news conference in Berlin, Mr Bush countered suggestions that President Reagan's offer to meet Mr Andropov was a "propaganda exercise." It "extends the hand" to Moscow, serious negotiations in Geneva so that there may be a meeting to "ban an entire generation of awesome nuclear weapons from the face of the earth. It is just that clear."

The Bonn Government warmly welcomed the summit offer and said his proposal to ban all medium-range Soviet and U.S. missiles could lead to a "great breakthrough to peace." It was welcomed, too, by Herr Hans-Jochen Vogel, Chancellor Helmut Kohl's Social Democrat rival in the election campaign.

Reagan's gambit, Page 5

Stalemate on EEC rebates, says Cheysson

By Nicholas Colchester, Foreign Editor

TALKS between M Claude Cheysson, the French Foreign Minister, and British ministers on the question of future budget rebates to Britain from the EEC achieved only a stand-off, M Cheysson said in London yesterday. He suggested that only further development of the European Community could provide an answer.

"I cannot say that we said anything new," he said. "I wonder how many times we have heard the same arguments and answered with the same arguments . . . we are convinced that the present problem is barely soluble, or can only be solved year after year in most unpleasant conditions, if there is no new development in the Community."

M Cheysson argued that the West Germans accepted budgetary imbalance because they had derived industrial and political benefits from the EEC during its years of growth. "I am not embarrassed to say that the country which has gained most from the Community is Germany," he said.

Britain had joined the EEC when the "automatic growth" was almost over and had thus derived little benefit. The only answer was new Community policies "with direct interest for Britain, be it because its voice is better heard abroad when it is joined with the voice of other Europeans, be it in industrial development." Such policies would be helped by fresh sources of European finance, he said.

M Cheysson held meetings both with Mr Francis Pym, the British Foreign Secretary, and with Sir Geoffrey Howe, the Chancellor of the Exchequer. With the former he discussed the offer made by President Reagan to meet Mr Yuri Andropov, the Soviet leader, and sign an agreement banning U.S. and Soviet medium-range, land-based nuclear weapons "from the face of the earth."

The French Foreign Minister said he saw little new in the substance of the U.S. proposal. It even seemed somewhat tougher than President Reagan's zero option. But he welcomed the style of the proposal, both because it re-affirmed the great importance that Americans attach to this negotiation and because of Reagan's willingness to talk with Andropov.

"We tend to simplify matters," he explained, "and say that failure in Geneva equals need for Pershings in Europe. We are anxious that the levels of deployment should be low enough to do without Pershings."

M Cheysson said that this meant compromise between the present positions of the U.S. and the Soviet Union. He remained adamant that the French independent nuclear deterrent should not be brought into the equation and said he would repeat this to Mr Gromyko during his forthcoming visit to Moscow.

Officials nervous about rising Polish prices

BY CHRISTOPHER BOBINSKI IN WARSAW

PRICES WENT up again in Poland yesterday as city bus and tram fares were doubled. The cost of alcohol rose, too, by a quarter on Monday; inter-city train fares have cost more since the beginning of January.

Government officials admit that other rises planned for February 1 have been postponed "for consultation" as the result of mounting public anger at the increasing cost of urban travel.

More sanguine members of the establishment suggest that, after the sharp increase in wages over the past four months, people should be able to bear these and other rises. But they too, are aware that price rises traditionally provoke damaging protests in Poland.

"It's all very fragile. Somewhere a group of workers might get angry, the reaction snowballs and we have a new confrontation" one official remarked.

Officially, increases in the prices of gas, electricity, petrol, some varieties of fish and some rents are still in the pipeline. They will be within the bounds of the 15 per cent increase projected for 1983 and doubtless will be pushed through later this year.

However, it is becoming clear that the 16 per cent wage growth forecast will be exceeded and the Government has to decide whether to let prices follow.

In the past, it has used the argument of rising costs to explain the need for price rises. Now, the favourite argument is that of the inflationary "overhang." This is calculated as the difference between total money incomes paid to the population and total spending on goods and services plus savings in the bank.

At the end of the year, the national bank calculated the overhang at ZL562bn (£4.2bn) or 16 per cent of total spending last year and that it was growing swiftly.

Bankers, now playing a greater role since economic reforms began last year, are arguing forcefully that this excess spending power must be soaked up by price rises as production growth is proving inadequate.

Otherwise, they say, shortages will persist and the new more independent producers will continue to operate in a sellers' market with no incentive for greater productivity or better quality. They also warn about the expanding black market.

The political problem is that, for many people, life became hard last year when prices doubled and real incomes dropped more than 20 per cent. The combination of hardship and the growing black market is providing handy ammunition for orthodox communist party officials suspicious of the government's reforming intentions and thus poses a threat to economic change.

AP adds: Overcoming unprecedented parliamentary opposition, the Government has pushed through a Bill to reduce absenteeism by reducing wages sharply during the first three days of sick leave.

Eighty-eight out of 294 deputies present abstained and 10 voted against two Bills, the first reducing wages for workers on sick leave and the second increasing benefits to miners.

Mr Andropov: visit to Moscow factory

Andropov tries to head off 'police state' jibes

BY ANTHONY ROBINSON IN MOSCOW

MR YURI ANDROPOV, the Soviet leader, has moved adroitly to try to head off public grumbling about "police state methods" used to improve workers' performance by making an impromptu visit to the shopfloor of a Moscow machine tool factory and arguing the case for greater discipline.

He linked bad workmanship, long tea-breaks and slacking with the empty shelves in shops and said that such practices led to frequent downgrading of plan targets while bonuses and pay continue to rise.

"The stores can only supply what the economy produces" he told workers.

One alternative would be to reduce shortages by raising prices. But he rejected this.

Mr Andropov indicated, however, that some prices would rise but did not specify which. The bulk of state subsidies are spent maintaining rents, basic foodstuffs and public transport at artificially low prices.

Mr Nikita Khrushchev and Mr Leonid Brezhnev, in his early years in power, made frequent visits to factories to explain policies and raise workers' morale. Mr Brezhnev's last known visit, however, was in 1978, during his tour of factories and military bases in Siberia and the far east.

Accounts of Mr Andropov's visit carried in all the major newspapers yesterday indicated that he has a very good idea of what ordinary people are grumbling about, such as food supplies, overloaded transport, queueing, housing shortages and the poor quality of many goods.

He admitted that greater discipline would not solve all the problems of the Soviet economy which, he said, was suffering from low growth and low productivity.

But, he said: "We have to start somewhere." He emphasised that this did not only mean greater punctuality and hard work but also "serious attention to all aspects of labour discipline including the rapid introduction of new technology."

He said that the discipline drive, which has led to police checking the papers of people in restaurants, shops, sauna baths and liquor stores during working time and severe reprimands for slacking, was not only aimed at ordinary working people.

"I want everybody to understand that the question of strengthening discipline does not only apply to workers, engineers and technical staff, it applies to everyone—starting with ministers themselves."

This is not an idle boast, and has been borne out by the rapid turnover of top management and ministerial posts and the retirement or demotion of many long-standing 60 or 70-year-old ministers since Mr Andropov took over 10 weeks ago.

Early progress unlikely as Start talks open in Geneva

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

A NEW round of talks to limit U.S. and Soviet intercontinental nuclear weapons opens in Geneva this morning with few prospects of early progress.

The strategic arms reduction talks (Start) are seperate from the negotiations which began last week to limited intermediate nuclear forces (INF) in Europe. Western officials believe, however that progress at one will be conditioned by what happens at the other. The INF negotiations are aiming to reduce or eliminate U.S. cruise and Pershing missiles and Soviet SS-20s.

The officials think Moscow will await the outcome over the next few months of these politically more critical talks before making concessions on Start. Neither side has moved from its opening proposal seven months ago of large reductions in intercontinental weapons, and shows no sign of compromise on methods or precise numbers.

There is somewhat greater optimism about progress towards an agreement on so-called confidence building measures in the nuclear field.

President Ronald Reagan first proposed such measures — intended to make nuclear war less likely and including notification of missile test launches — and improvements to the "hot line." Mr Yuri Andropov, the Soviet leader, has reacted favourably, officials say.

Gen Edward Rowny, leader of the U.S. delegation to Start, said earlier this week that he would "begin work immediately at the negotiating table on seeking such an agreement"

Slower growth forecast in demand for energy

BY CARLA RAPOPORT

DEMAND FOR energy in Europe will increase at about half the rate of economic growth up to the end of the century; with demand for oil will fall by about 14 per cent.

These predictions are made by Esso Europe, a division of Exxon Corporation in the U.S., in a study of energy use in Europe. It contends that the slow-down in demand will be due largely to greater energy efficiency.

Esso has closed or sold its interests in six refineries in Europe in the past 18 months and is negotiating to sell a seventh. It is also to scrap eight of its very large tankers.

The company says that spare capacity among Europe's oil refineries—around 31 per cent in 1980—will increase to 36 per cent by 1990 if further reductions are not made.

The study projects an increase in natural gas demand from 177m tonnes of oil equivalent in 1980 to 250m toe in 2000, compensating for three-quarters of the drop in oil demand. Non-European suppliers are likely to satisfy the bulk of this growth, with imports leaping from 13 per cent of total European needs in 1980 to 40 per cent by 2000.

Coal imports are also expected to increase, moving from 20 per cent in 1980 to nearly half of total supplies by the end of the century. Nuclear energy, too, will become increasingly important.

Esso predicts that solar energy will be the fastest growing renewable source and expects about 7m solar installations in Europe over the next two decades.

MPs attack Fanfani for dismissal

By James Buxton in Rome

THE ITALIAN Government was bitterly criticised in Parliament yesterday for its handling of the affair of ENI, the state energy company whose chairman, Sig Umberto Colombo, was removed from office last week.

Sig Fanfani, the Prime Minister, said the Government would hold more discussions and would ask the opinion of Parliament before appointing a new chairman. He insisted that the procedure used in removing Sig Colombo had been correct.

The attacks, from almost all parts of the political spectrum, concentrated on the fact that Sig Colombo had been asked to put his job at the disposal of Sig Fanfani solely because of an inter-party dispute about the division of public sector positions.

The debate echoed the almost unanimous condemnation from the Press and prominent Italians. Sig Colombo, a respected scientist and manager, had only been chairman for three months.

So far, divisions between Christian Democrats and Socialists in the ruling coalition have prevented Sig Fanfani from appointing a successor. The former are insisting on the appointment of a man of high calibre to justify Sig Colombo's removal at the request of the Socialist Party which originally appointed him.

Ten look to ease trade curbs

BY JOHN WYLES IN BRUSSELS

A BREAKTHROUGH in the bid to reduce non-tariff barriers to EEC trade may be expected on March 1. After a meeting in Brussels yesterday of EEC trade ministers, Count Otto Lambsdorf, the West German Economics Minister, said he was very hopeful that the Ten would adopt two important internal market directives next month.

Other delegations, while recognising that Count Lambsdorf had domestic political reasons for sounding hopeful, were less confident.

Mr Peter Rees, Britain's Trade Minister, agreed that the meeting had "put some political impetus behind the process" but was more guarded about prospects for agreement.

He stressed the importance Britain attached to passage of a six-year-old directive creating a common market for non-life insurance services, but this did not figure on yesterday agenda.

At the centre of the discussions was a proposed directive covering EEC certification of imports from third countries. Under it, Governments would be allowed to veto imports on the grounds of non-compliance with an EEC standard—even if one member state had already given it a certificate of approval. France offered few indications that it would wave this through without an amendment.

A form of words providing for a strict Community policing of such a facility has been drafted and will again be worked on at official level with an instruction to produce an outline agreement for March 1.

Officials were also told to grapple with outstanding problems over a second directive providing for the exchange of information on introducing new production standards and norms. Some progress was made on this yesterday as West Germany dropped its insistence that telecommunications should be excluded.

Ministers also gave their first scrutiny to Commission proposals to simplifying border regulations and procedures for goods traffic. However, the proposal for a single common customs document made little headway.

Swiss tax proposals rejected

By John Wicks in Zurich

THE NATIONAL COUNCIL, Switzerland's Lower House, yesterday rejected by a small majority a government proposal to impose a 5 per cent withholding tax on earnings from fiduciary accounts. These are funds placed on the Euromarket by Swiss banks at clients' risk.

The council also threw out two alternative proposals. One would have imposed the standard 35 per cent withholding tax on the interest from fiduciary accounts held by Swiss residents and the other foresaw a 0.1 per cent stamp duty on the total volume of fiduciary investments and those in money-market paper.

Before Christmas, a special commission of the National Council had been unable to agree on supporting any of the three alternatives.

● The Swiss Federal Palace, the seat of parliament and several ministerial offices, had to be cleared yesterday. Members of the States Council, the Swiss upper house, had been sent letters containing what the police say was a "civilian explosive."

Both acts are linked to a States Council debate yesterday on the planned building of a nuclear power station at Kaiseraugst near Basle. Opponents of the project last week used explosives to destroy an electricity pylon

Spain's civil servants want 12.5%

BY DAVID WHITE IN MADRID

SPAIN'S MAIN Communist and Socialist unions are to present the Government with a 12.5 per cent pay claim in negotiations covering some 1.5m civil servants, set to start on Friday.

The claim lies at the very top of the range of increases agreed last weekend, after arduous haggling between the unions and employers' representatives. The outline agreement, setting a basic range of 9.5-12.5 per cent for 1983, is a cornerstone of the social consensus anxiously sought by the Socialist administration.

The unions are hoping for concessions from the Government to offset the impact of measures to tighten up on working hours in government offices, which have caused a good deal of resentment but have received union backing.

On the basis of the national agreement, they want extra increases if the inflation rate exceeds 9 per cent in the first nine months. The official inflation forecast is 12 per cent for the year, compared with a provisional 14 per cent for 1982.

The size of the increases foreseen in the national agreement has already caused serious concern in some sectors, notably banking, where employers were pressing for a maximum of around 8 per cent.

A weak franc has done little to diminish France's voice in the world, writes **David Housego** in Paris

Mitterrand's foreign policy finds a fresh assurance

MANY FRENCH political observers argue that the weakness of the franc will inevitably lead to a declining French voice in the world.

They point out that it has precipitated protectionist trade measures which have brought France into disrepute. It has undermined French credibility in Europe for policies of reflation. It has meant that Paris has had to go cap in hand to Saudi Arabia for help in support of the currency. In the long run, they argue, it is bound to reduce France's military deployment overseas—in particular it could threaten plans to build two aircraft carriers—and hence lessen its influence in the Third World.

In short, the weak franc might appear to have had a humiliating impact.

But the perspective from the Elysée is almost the reverse. Indeed, President Francois Mitterrand runs foreign policy more closely than he does economic affairs.

The strong speech he delivered to the West German Bundestag last month reflects the assurance of an administration which feels it has the authority to speak in a clear, confident voice as a bedrock of an increasingly shaky Western alliance.

In French eyes, nowhere do the dangers to the alliance seem so great as in West Germany. The French particularly fear an indecisive result in next month's West German elections which might tip the balance of influence towards the radical wing of the Social Democrats or towards the Greens.

This would mean that for the first time since the war, France would be unable to count on a strong government in Bonn. M Mitterrand needs a dependable Bonn now more than ever because he wants to take up a number of potentially sensitive issues with the West Germans when the elections are over.

They include a revaluation of the D-Mark, the launching of an EEC loan to boost investment, the Thomson-Grundig deal—under which the French concern would take a majority stake in Grundig—as a litmus test of Franco-German industrial co-operation, France's expanding trade deficit with West Germany and joint production of military weapons.

But should Bonn provide a dusty answer or no answer at all on these points, it will be a lot more difficult for M Mitterrand to silence those in his own administration who are urging that France should pull out of the European Monetary System (EMS) and take more protectionist measures.

France is also worried that a new West German administration might back down from the Nato "twin-track" decision under which Nato deploys Pershing and Cruise missiles while negotiating on arms reduction.

With the East German border only 250 km away, the French have long feared that neutralism in West Germany could prompt an unsatisfactory accord with the Soviet Union. They are even more alarmed at the prospect of the neutralist trend catching light elsewhere, producing a split between European and U.S. security interests which would greatly strengthen Moscow's influence in Europe. France would feel very vulnerable in a Europe which could not count on the U.S. nuclear umbrella.

It seems extraordinary that one of the strongest champions in Western Europe of Nato and a tough policy towards the Soviet Union is a French President with Communists in his government and whose country is not a member of the Nato military wing.

It is a policy which distinguishes M Mitterrand from most of his post-war predecessors, particularly Gen de Gaulle, who felt that French influence with the U.S. depended on closer ties with Moscow.

M Mitterrand now feels that he has sufficiently demonstrated his credentials as an orthodox member of Nato to take some liberties.

M Claude Cheysson, the French Foreign Minister, is shortly to visit Moscow—the first time he has done so since taking office—confirming the first slight thaw in Franco-Soviet relations since the Socialists put them in cold storage in response to Russia's actions in Afghanistan and Poland.

The French Foreign Ministry sees this visit as no more than testing the intentions of the new Andropov administration and not leading to any resumption of detente.

M Mitterrand's firm stance over restoring the nuclear arms balance in Europe is blocking any further thaw between Paris and Moscow. Like Mrs Margaret Thatcher in Britain, he thinks that some compromise short of the "zero option"—under which the U.S. would refrain from deploying its Pershing and Cruise missiles in return for Moscow dismantling the SS 20s—might eventually emerge.

In practice, France would be happy with the proposal put forward privately by Mr Paul Nitze, the U.S. arms negotiator, for 75 systems apiece between the U.S. and the Soviet Union.

M Mitterrand also feels confident that France's allies have accepted that while France is a loyal member of Nato it will not return to the Nato integrated military command.

> It may appear that the franc's weakness will lead to a decline in French influence abroad. But the view from the Elysée is almost the reverse. M Mitterrand and his foreign minister have chalked up more mileage across the world than any other European leaders—and their efforts have paid dividends.

That has been achieved in part by a far greater co-operation in practice between French and Nato forces than ever took place under former President Giscard d'Estaing. As a result, M Mitterrand has invited the Spring Ministerial meeting of Nato to convene in Paris for the first time since the mid 1960s.

At the same time, he has taken a far more critical view of Franco-U.S. relations than his initial warm gestures towards the U.S. on taking office. Then, it was the U.S. which said that the presence of Communists in the French Government would cause "problems" between the two administrations.

In practice, the most serious difficulties have arisen over the clumsiness of U.S. diplomacy—particularly over the sanctions issue—and French pique at not being consulted by Washington.

The French fear that U.S. remarks about fighting a "limited" war in Europe, or relying more heavily on the use of conventional forces in a European war, mean that the U.S. might eventually withdraw its nuclear umbrella from Europe. This has propelled the Mitterrand Administration to state its greater interest in European security co-operation.

On the basis of this more critical relationship with the U.S., the French have worked closely with the Washington over the Middle East and toned down their support for insurgent movements in Latin America.

While Paris backs a tougher line towards the Soviet Union over the transfer of technology and limitation of trade credits, it is strongly opposed to carrying this to the point of economic war with the Soviet Union. It draws a distinction — unwelcome to the U.S. — between strategic goods, and commercial exchanges, which should proceed as normal. France has a substantial trade deficit with Russia which it wants to correct.

In other areas, France's active foreign policy has reaped dividends. M Mitterrand and M Cheysson have chalked up more air mileage across the world than any other European leaders.

The result has been that France has strengthened its position in India and in the Arab world. It has retained its influence in French speaking Africa. The growing volume of its arms exports have helped Paris make friends.

But so also has M Mitterrand's doctrine that for developing countries there is a medium way which avoids dependence on the Soviet Union or the U.S.

Reinforcing this has been active French advocacy of an increased transfer of resources towards developing nations as a way of sustaining French economic growth.

Paris was out on a limb when it pressed this at the Versailles Summit of industrialised nations last June. But the Mexican debt crisis has brought a change of heart in the U.S. —and a change also in favour of other unfashionable doctrines of greater economic and monetary coordination between major countries. French officials are now pleased to see that a recession-prone world is coming round to their point of view.

The one major change of tack has been over the Middle East. M Mitterrand had hoped that he could, by an evenly balanced policy between Israel and the Arabs, contribute to a Middle East peace settlement. His visit to Israel last March and the hostile reaction he met with from Mr Menahem Begin, the Israeli Prime Minister, were a shock.

An even worse one was the Israeli decision to march on Beirut. While Mr Begin is in power, M Mitterrand despairs of carrying an olive branch to the Middle East. His relations with the Arab states are, by contrast, considerably closer than those of his predecessors.

In spite of M Mitterrand's Israeli experience, he has brought a consistency in French foreign policy which is in marked contrast to the zig-zags of domestic economic management.

Haughey battle postponed

BY BRENDAN KEENAN IN DUBLIN

THE DECISIVE battle for the leadership of Fianna Fail, the Irish opposition party, is likely to be postponed because of the death of one of its MPs in a car accident.

Mr Charles Haughey, the party leader, had been expected today to announce that he intended to stay on in the job. His opponents, who think he should resign because of allegations of telephone-tapping when his government was in power, had been expected to move a vote of no-confidence in him.

But the death of Mr Clem Coughlan, who represented Donegal South-West, means that today's crucial meeting of the parliamentary party is likely to be adjourned as a mark of respect.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

OVERSEAS NEWS

Pretora to set up top-level committee on 'urban Blacks'

BY J. D. F. JONES IN CAPETOWN

THE SOUTH AFRICAN Government yesterday signed its intention of developing a policy towards the "urban Blacks"—those Blacks who are permanent residents of the White areas of South Africa's cities.

Mr P. W. Botha, the Prime Minister admitted in the parliamentary *no-confidence debate here that* urban Blacks would be a permanent feature of South Africa – the traditional line of the ruling National *Party used to be that they would* eventually vanish back into the ethnic "homelands." *He announced* the appointment of a Cabinet Committee, containing six senior cabinet ministers, to review the problem.

Mr P. W. Botha

This must be seen as the missing piece in the Government's plans for a complete constitutional reorganisation of South African society. Proposals are being worked out to readmit the Coloured and Indian minorities to a White-dominated parliamentary system, but the 20m Black majority were excluded on the ground that they would have their political rights in the homelands.

Yesterday's announcement, while devoid of such details as a timetable for precise terms of reference, appears to be *intended* to signal that the government recognises there is a problem with the urban Blacks.

The opposition Progressive Party *MP, Dr Alex Boraine*, speaking immediately after Mr Botha described the Cabinet Committee as "highly inadequate to meet the demands of the day."

The Minister for Co-operation and Development, Dr Piet Koornhof, later told a press conference that it would be irresponsible to pretend that the urban Blacks did not exist.

Dr Koornhof also confirmed that the proposed Orderly Movement and Settlement of Black Persons *Bill, whose draconian powers have* been widely criticised at home and *abroad, would definitely not be put* before Parliament this year.

Zimbabwe toughens stance on guerrillas

By Our Harare Correspondent

ZIMBABWE is posting district administrators with military experience to bandit-affected areas of Matabeleland in Western Zimbabwe.

The Zimbabwe Minister of Local Government, Mr Enos Chikowore, said district administrators *with military training would find* it easier to adapt to the difficult *situation created by former Zipra* guerrillas, who have turned *against the Government* and been responsible for more than 120 deaths and considerable damage to property in the past year.

After a lull late last year, there *has been a resurgence in diessident* activity in the past six weeks. *At the weekend; Mr Joshua* Nkomo the leader of the Zapu opposition, claimed that the Mugabe Government had sent its North Korean-trained fifth brigade into Matabeleland, and that last week more than 95 black civilians had been killed.

Mr Nkomo's accusations have been denied by the Government.

Last week, the Government also reimposed the dawn-to-dusk *curfew in large parts of Matabeleland* acknowledging that *there had been n new deterioration* in the situation.

Nineteen passengers were killed and 77 wounded yesterday when the Cairo-Alexandria express hit a stationary train a few miles north of Cairo.

Gemayel accuses Israel of trying to divide Lebanese

BY NORA BOUSTANY IN BEIRUT

MR PIERRE GEMAYEL, head of the Phalange party and father of Lebanon's President, Mr Amin Gemayel, has openly accused Israel of trying to partition Lebanon and drive a wedge between Moslems and Christians.

The 77-year-old Christian leader confirmed in an interview published in the left-wing daily newspaper As Safir yesterday that he had met Mr Ariel Sharon, Israel's Defence Minister, in the Gemayels' home village of Bickfaya last week.

Mr Gemayel defended his son *Amin, whom Mr Sharon accused* of "constantly taking orders from Syria, Saudi Arabia and the Palestine Liberation Organisation."

Mr Gemayel said he told Mr Sharon: "Amin takes his orders from Lebanon only, and works solely for Lebanese interests."

Mr Gemayel added: "What I am afraid of is that the *Moslems will not* help us." He appealed to Moslems in Lebanon not to push their Christian countrymen towards tha Israelis, their erstwhile allies.

"The Israelis are doing their best to *drag us along with them*. It is not in our interest to divide Lebanon, *because there* would not be a Lebanon if it were divided between Moslems and Christians." Mr Gemayel told As Safir, a Moslem-owned publication.

Mr Sharon triggered a wave of protests, from Lebanese leaders in general and Christian leaders in particular, by declaring *that Israel would* not *mind* if Syria too acquired early *warning stations in Lebanon*, as long as Israel had its own such installations.

The Israeli Minister was *quoted as saying* he told the Phalange party leader that if Lebanon did not agree in Israeli terms for a settlement, Israeli troops would pull out unilaterally to a 45 km security zone in south Lebanon and leave the Christians to their fate.

The chief Lebanese negotiator, Mr Antoine Fattal, was reported to have told the Israeli delegation on Monday that if Mr Sharon wants to "withdraw unilaterally, we will not plead with him to stay." Mr Fattal also firmly rejected Mr Sharon's offer to the Syrians to staff warning stations by saying there will be no early warning stations or watch posts for Israel, Syria or any other country in Lebanon.

The former Lebanese President, Mr Camille Chamoun, who is leader of the "Lebanese front," a coalition of Christian Lebanese *figures*, reacted sharply to the propositions made by *the* Israeli *Defence* Minister. He described Mr Sharon as "the evil genius inside (Prime Minister Menahem) Begin's Cabinet."

Mr Chamoun charged that Mr Sharon's remarks were evidence of "Israel's duplicity" and its "double-dealing between the Lebanese and the *Lebanese* and the Syrians." There are fears *that* Israel *is seeking to maintain* Israeli and Syrian spheres of influence in Lebanon.

Lebanese politicians have claimed that Israel was trying to sponsor and arm Moslem Sunni as well as Shiite groups as a counterforce to the Phalange-dominated Christian Lebanese forces in south Lebanon, to which Israel has given military and political support in the past eight years.

Pace of tripartite talks stepped up

BY DAVID LENNON IN TEL AVIV

THE FREQUENCY of the tripartite talks on the future of Lebanon was stepped up *yesterday with the first meeting* in Ntanya, Israel, of subcommittees to discuss security and the normalisation of relations.

The Israeli, Lebanese and U.S. negotiators will now be meeting four times a week, instead of twice. There will be *two full plenary sessions*, on Mondays and Thursdays, while on Tuesdays and Wednesdays the sub-committees will meet alternatively in Israel and Lebanon.

Mr Yitzhak Shamir, the *Foreign Minister*, told a Knesset committee yesterday that the tripartite talks on an Israeli withdrawal from Lebanon were not making progress on substantive issues, but they are drawing near to agreement on *formulas*, he said.

Meanwhile, Egyptian troops stationed beside the disputed demilitarised zone at Taba in Sinai protested yesterday against the apparently unauthorised entry *into the zone* of a large group of Israeli *senior officers led by Israel's* deputy chief of staff, General Moshe Levy.

General Levy refused to explain the reason for his visit, but Taba was the scene of tension recently when *Egyptian tractors moved into* the zone and began levelling the land *in preparation* for building. Later the Foreign Ministry in Cairo said that this had been a mistake.

Vietnamese troops attack guerrilla camp

NONG CHAN, Thailand — Vietnamese troops backed by tanks and heavy artillery fought with Kampuchean guerrillas near the Kampuchea-Thailand border yesterday after driving the guerrillas and about 30,000 refugees from *their camp.*

Between 50 and 100 non-combatants were said to have been wounded in the two days of fighting, which included a powerful Howitzer barrage against guerrilla positions. The number of dead could not be determined.

The Nong Chan camp, which can be seen from the Thai border *town of the same name*, was stormed by Vietnamese soldiers on Monday. Many of the 30,000 inhabitants fled towards Thailand before being stopped close to the border by Thai troops.

About three-quarters of the thatch-roofed huts in the camp appeared to have been destroyed.

Fighting continued yesterday between Hanoi's soldiers — estimated by Thai military officials at between 2,000 and 3,000 strong—and guerrillas of *the two groups which* had established bases on Nong *Chan's periphery.*

Nong Chan is one of several encampments straddling the Thai-Cambodian border that are home for several hundred thousand refugees who have *fled* the interior of their *country.*

In Bangkok, the Thai capital, the Vietnamese were said to be trying to eliminate guerrillas of the Khmer People's National Liberation front and the Moulinaka, which supports the former Kampuchean head of state, Prince Norodom *Sihanouk.* Prince Sihanouk is head of a three-party coalition which includes these two non-communist groups and the communist Khmer Rouge.

The coalition has vowed to defeat Vietnamese troops who have been in Kampuchea since a 1978 invasion. Fighting along *the Thai-Kampuchea border* has recently escalated and Monday's attack was one of the biggest mounted by Hanoi during this dry season.

The Nong Chan refugees fled westwards, but were stopped from crossing an anti-tank ditch by the Thai military.

AP

Third World to consider bank plan

By K. K. Sharma in New Delhi

THE SUMMIT of non-aligned countries to be held in New Delhi next month will examine the feasibility of establishing an international bank to finance development projects in Third World Countries, *according* to Mr P. V. Narasbima Rao, India's Foreign Minister.

Other proposals to be submitted to the meeting include the establishment of a consultative committee to plan economic co-operation among developing nations.

The summit is also to consider a move to convene a Bretton Woods type of conference to restructure financial *institutions like the* International Monetary Fund and the World Bank.

Reuter adds from New Delhi: Legislators in India's western state of Maharashtra yesterday chose a new chief minister by secret ballot.

The Congress (I) state legislature party elected Mr Vasantrao Patil to replace Mr Babasaheb Bheosole.

Australian defence deal 'not desirable'

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIAN defence officials have advised the Canberra Government that ordering a replacement aircraft carrier from Britain would not be a "desirable option" in the present economic climate, it *was reported last night.*

The Cabinet Foreign Affairs Committee was told that the defence deal, which also includes Sea Harrier jump jets and associated weapon and support systems, as well as the Invincible class carrier, would cost about A$1.5bn (£945m).

The Federal Treasurer, Mr John Howard, is abroad until February 21, and a Cabinet decision on the carrier will not be *taken until his return.*

One option thought to have been offered by Britain involved Australia leasing HMS Hermes, one of two aircraft carriers deployed in the Falklands war, until a new Invincible class carrier was built.

With an early federal election thought possible, perhaps in March or May the Government may not be keen to order *a new carrier, given* the depressed home economy.

Speculation about an early election was fueled yesterday when Mr Peter Nixon, 54, the Minister for Primary Industry, announced his retirement from politics, but was asked by Mr Malcolm Fraser, the Prime Minister, to stick to his post until an election was called.

In addition, there is renewed discontent in the Australian *Labor Party over the leadership* of Mr Bill Hayden, which is being fanned by supporters of Mr Hayden's arch rival, Mr Bob Hawke, the ALP's industrial relations spokesman.

WORLD TRADE NEWS

U.S. steel complaint suspended

By Nancy Dunne in Washington

U.S. steelmakers have agreed to suspend the complaint filed with the U.S. Government in which they alleged that Japan and the European Coal and Steel Community (ECSC) agreed to a secret market-sharing scheme in 1978.

Under an agreement with the office of the U.S. Trade Representative, the American Iron and Steel Institute agred to withdraw the complaint that threatened to sour once again International trade relations on steel matters. Major disputes with the EEC were resolved last autumn after months of acrimonious negotiations.

The Institute gave the Trade Representative's office until February 23 to resolve the issue of Japanese steel imports. Mr Bill Brock, the trade representative, will be in Japan in about 10 days and promised to raise the issue.

He agreed that if no resolution is reached by February 23, then the complaint can be refiled and his office will have five days to accept or reject the petition.

The complaint alleged that four members of the ECSC and four Japanese trade officials met in closed-door session on March 17 and 18, 1976, agreeing to a quota arrangement and minimum prices on steel exports to the Community.

Then, says the petition, the Government of Japan and the EEC carved out certain "spheres of influence." The European sphere allegedly consists of markets west of the Suez Canal and the countries bordering the Mediterranean. The Japanese sphere is supposed to comprise coastal markets in the Far East, India, and Pakistan.

The petition says that while, under Gatt, all countries are supposed to be treated equally, "the suffering Community steel industry received significant relief; on the other hand, the distressed and mortally threatened U.S. industry was denied relief."

The petition, filed only against Japan, asks for an "orderly phase-out" of the bilateral pact between Japan and the ECSC, a reduction in steel shipments from Japan of 1.75m tonnes in each of the next four years, the opening of Japanese markets to the U.S., and the imposition of a 25 per cent import levy on Japanese steel

Nissan begins exporting its Micra one-litre car to Europe

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

NISSAN MOTOR has started exports to Enrope of the Micra, the one-litre car fitted with an aluminium engine which was a success in Japan's domestic market when it was launched as the March lale last year.

The Micra will appear on retail markets in the Netherlands and Belgiom daring the next few weeks and in the UK and West Germany eronnd the middle of the year.

The price of the car in Britain is a closely guarded secret, but Nissan says that it expects to face very strong competition from establlsbed Enropean small cars sucb as the Volkswagen Polo, the Fiat Uno and BL's Metro.

Prices are likely to be set at levels whlch will have the competition "very mnch in mind," according to a company spokesman.

Nissan received 10,300 orders for the March dnring the first ten days after its Japanese debnt — October 25, 1982 — and was selling cars faster than it could make them for the first six to eight weeks.

Production is being stepped np from 10,000 to 15,000 cars a month, but Nissan expects to have only 2,500 nnits available for export — at least to begin with. The emphasis will be placed on Europe with the UK ranking high in Nissan's prinrities.

The Micra retails at between Y635,000 (£1,760) and Y798,000 (£2,220) in the Japanese domestic market which means it is abont Y100,000 cheaper than the next cheapest car in the Nissan range.

Nissan says that about half the car's buyers so far have been aged 29 nr nnder and that roughly one-third are women. Fuel economy of 22 kms to the litre is one of the car's attractions.

The March is one of several new cars in the one-litre range that have done spectacularly well in the Japanese market.

The 1.2 Honda City — which will not nppear tn foreign markets until 1984 at the earliest — has been selling even better on Japan's domestic market than the March. A third new entry in the one-litre race is the Daihatsu Charade—a compfetely redesigned version of an earlier car of the same name.

The Charade has a three-cylinder engine and is available in either a diesel or a gasoline version

Japanese, Frech in chenical link

By DavMarsh in Paris

RHONE POULENC, the nationsed French chemicals grp, has agreed to set up a iint company with DaiNipp Ink and Chemicals of Tokyto produce and sell siliconerodncts in Japan.

The compy, which plans to start prmction this summer, will be wned 50-50 by DIC and theFrench company's specialist subsidiary Rhone Poulenc Specialltés Chimiques.

Rhone Poulhc, which has years of experlece in mzking and selling sicones, will supply the raw naterials for the joint comany, to be called Nippon Frasil, based in the Warahi are of Tokyo.

The prodnctswill be adapted to Japanese sandards and are expected tobe used above all in the eletronics, vehicle, medical equipment and construction industries.

Move to extend ECGD cost escalation insurance scheme

BY OUR WORLD TRADE EDITOR

THE Department of Trade is seeking Parliamentary approval to allow the Export Credits Guarantee Department (ECGD) to extend for another year its cost escalation insurance scheme for export contracts.

Mr Peter Rees, the Trade Minister, said in a written answer to a Parliamentary question yesterday there was "sufficient demand from those exporters tendering for contracts with extremely long manufacturing periods" to warrant a continuation of cost escalation insurance for one year, starting March 26.

He said that the reduction in inflation "should cause demand for cost escalation to fall away to a point where the scheme could be allowed to lapse," but suggested that further coverage is necessary as a precaution.

The ocst escalation scbeme, introduced in 1975, provides a measure of cover against certain UK cost increases incurred in the performance of contracts for capital goods and projects. In its eight years, 33 guarantees have been issued covering exports having a total contract value of more than £1.6bn.

AP reports from Jakarta: The U.S. Export-Import Bank has offered Indonesia e loan of $700m to finance aeveral projects, Mr William Draper, president of the bank, said yesterday.

He said the bank's current commitment to Indonesia, which stood at $800m, brought the total to $1.5bn.

Indonesia, the U.S. fiscal year ended September 1982 was the Exim Bank's third most active client in terms of loans with about $400m to support slightly less than $600m in U.S. exports to Indonesia.

The amount represents one-eighth of the Exim Bank's total loans in U.S. fiscal 1982.

The offers are to cover the Bintan Island Alumina project in Riau archipelago near Sumatra, diesel engine generating aets for rural electrification, open-pit coal mining equipment and cane sugar plant.

Foundering Greek shipowners win vital breathing space

BY VICTOR WALKER IN ATHENS

GREEK SHIPPING magnates are no longer crying into their champagne, says Mr Aristomenis Karageorgis, the President of the Union of Greek Shipowners. The tears drip instead into their Alka Seltzer.

But, he believes, the result for the Greek-owned fleet of a slimming operation forced on it by the worst international freight crisis since the 1930s will eventually be a fleet which is healthier as well as leaner.

It will never again be economical to run many of the older ships now laid up only because of the lack of demand for scrap. These will be replaced by newer and more advanced types of vessel, he maintains.

If Mr Karageorgis has sniffed the weather correctly, a gradual recovery could begin as early as the second half of this year.

Mr Karageorgis, taking a break from a 14-hour day devoted to running his own fleet and the affairs of the powerful shipowners' union, said that oil transport was unlikely to return to pre-crisis levels, but there were definite prospects of more work for dry-cargo shipping.

In the meantime, he cautioned, many owners would continue to face the threat of going under, and even those with a solid financial base would have to struggle to keep afloat.

"Operating and personnel costs contioue to escalate, and must be offset by constant rationalisation and modernisation if shipowners are to survive," Mr Karageorgis said.

"Competition is tougher, and government-imposed restrictions regarding access to cargoes in certain areas are a growing threat to international trade."

Many shipowners therefore welcome the measures announced by the Greek Government last month to help the Greek fleet regain some of its lost international competitiveness. At the very least, the measures provide a badly needed breathing space.

The principal Government concession, announced by Mr George Katsifaras, the Minister of Merchant Marine, concerned bilateral crewing accords with developing countries of the Far East. Under this measure foreign ratings will be paid the rates in force in their own countries and not the far higher rates applicable for Greek seamen.

Although the Union of Greek Shipowners has not so far been prepared to release any figures on the anticipated financial gain from these accords, rough

A busy section of the port of Piraeus

estimates on the Piraeus waterfront speak of savings of between £600 and £2,000 a month per ship, depending on the nationality and number of the foreign lower-deck (non-officer) crewmen engaged.

This is based on a calculation that the 30 per cent ceiling on the foreign proportion of a total crew allowed under the ministry's package translates into the engagement of between six and eight foreign lower-deck seamen in an average crew—since all officers will from now on be compulsorily Greek.

This saving will be partly offset by a levy of £560 per month on any ship using more than two foreign ratings, to be paid to a special Greek seamen's unemployment fund.

The financial savings are not the only reason why the owners were so eager to obtain the crewing accord. They say—and in announcing the package Mr Katsifaras for the first time publicly agreed with them—that there are simply not enough Greek seamen to crew the Greek fleet of nearly 4,000 ships.

Also, the present haphazard system of recruiting crewmen from different countries, rarely speaking the same language and as a rule not even professional seamen, burdens the operating costs of Greek ships without offering equivalent benefits to Greek seamen.

Mr Karageorgis said the crewing accord would contribute decisively to covering needs for lower-deck crew, while helping to compress costs at a time when "any saving contributes to the recovery of a part of our lost competitiveness." The better organisation which would result from the measures "will be of vital importance at the moment when recovery becomes a fact," he said.

The Government will, however, have to change the law to permit payment of foreign crew at lower rates—something which not even Greece's previous conservative administrations had ventured to do in face of bitter opposition from marine unions.

One owner described this as a bold move for a Socialist Administration. But on the whole, the ministry's package fell far short of the original proposals made by the shipowners last September.

In particular, the owners failed to obtain precise government undertakings on two issues described as vital to the future of Greek shipping—restriction on the seamen's right to strike; and revision of manning levels on modern automated ships.

Owners had sought a restriction of the seamen's right to strike to ships either within Greek waters or, at most, inside the Mediterranean. They wanted a strike-call to be legal only if it resulted from a general ballot of all union members, and not from a possibly small meeting in Piraeus which could more easily be manipulated.

In the end, the agreement provided only that when the Government tables promised legislation in parliament on marine unions, it will not overlook "the interests of the country and the special nature of the marine industry."

On manning levels, which at present are higher for automated ships flying the Greek flag than for such ships on other registries, the Government said there might be some reduction in the number of lower-deck foreign seamen, commensurate with the need to maintain safety, operational efficiency and living standards on board.

The Panhellenic Seamen's Federation, the co-ordinating body of the 14 Greek marine unions, has reserved its position on the package and is thought likely to link it with outstanding demands for a general 35 per cent wage increase. Deadlocked talks between unions and owners are expected to reopen early this month, when owners will probably agree to something under 10 per cent.

In the meantime, there are now more than 700 Greek-owned ships laid up in Greek waters and at least another 300 idle abroad. In tonnage, about one-third of Greek-owned shipping is without work.

UK PROBLEM PINPOINTED

Sterling overvalued despite market fall

BY JEREMY STONE IN LONDON

STERLING has recently been plunging into uncharted depths against the U.S. dollar, passing the previous nadir of $1.55, which had been plumbed in the crisis days of 1976.

Yet the dollar has for the most part been just as weak against other currencies. Both the dollar and the pound have at last been forced to compensate for the uncompetitiveness of their domestic economies.

Since the pound began its slide, on November 12 last year, it has given up nearly 8 per cent of its value against the dollar. Some recent calculations suggest that this depreciation may virtually have closed the competitive gap between the two trading economies.

But they remain equally disproportionate when measured against some of their main trading partners. Whatever measure is taken, both sterling and the dollar are overvalued by about 30 per cent from the point of view of trading competition with West Germany.

Loss of competitiveness – or overvaluation of the currency – is difficult to measure; any calculation depends critically on the yardstick chosen and the base-date, when the international economy is assumed to be in some sort of competitive balance.

In practice, there is some agreement that 1977 is e suitable starting point for these comparisons. It recommends itself as e year which is recent enough for the pattern of trade flows to be not too dissimilar to today's, when current accounts were not too far out of equilibrium, the first oil shock had had a chance to work through, and floating exchange rates had exerted their main impact on the structure of world trade.

The Bank of England's index of the effective exchange rate has, since February 1981, been based on the pattern of trade which obtained in 1977. It measures the external value of sterling in terms of a basket of currencies in which each country is given a weighting that reflects its trading importance in that year. Thus, Finland accounts for 0.85 per cent of the basket, Germany 14 per cent and the U.S. 24.6 per cent.

Yardsticks are also subject to choice. Most economists would probably attempt to consider relative movements of prices and costs, and some models of competitiveness have also looked at the trend of profitability.

The movement of profit margins can, predictably, be the greatest obstacle to making relative price comparisons. A severe squeeze on profits, as a result of an overvalued exchange rate (such as the pound in 1981 and much of 1982) may artificially hold down consumer prices so that industry looks more competitive than it should.

For that reason the table measures competitiveness in terms of wholesale prices, less sensitive to profit margins than some other indices.

To correct for distortions in price-based measures, it is usual to look also at unit labour costs, which can be used to show the cost pressures faced in different countries. Labour accounts for about three quarters of industry's prime costs.

An overvaluation of the exchange rate is conventionally thought of as the amount by which the rate would need to fall to cancel out this relative growth in prices or costs. This idea underlies the UK Labour Party's recent calls for very large devaluations.

A fall in the exchange rate might not be as durable an advantage to the economy as an improvement in relative productivity or o slackening in wage increases.

But a recent study by the Bank of England showed that e 5 per cent fall in the exchange rate – even if it caused higher pay rises – would still be a much more effective stimulus to exports in the first year than either a 2 per cent rise in productivity or a 5 per cent fall in the level of wage settlements.

The UK has moved furthest out of line in terms of labour costs. It has been estimated that, expressed in a common currency, UK labour costs rose by 60 per cent more than overseas countries' costs between the end of 1976 and the first quarter of 1981.

The table suggests that labour costs are still the UK's weak point.

Exchange rate changes needed to restore 1977 levels of competitiveness in terms of:

STERLING (against)	% Wholesale Prices	% unit Labour costs
Dollar	+ 1	− 5
D-Mark	−31	−35
Yen	−18	−33
SwFr	− 7	na
Guilder	−22	na
DOLLAR (against)		
D-Mark	−32	−28
Yen	−19	−28
SwFr	− 8	na
Guilder	−24	na

Calculated on exchange rates at January 31. Wholesale prices data: October 1982. Unit Labour costs data: August/Sept 1982. Source: James Capel

AMERICAN NEWS

Brazilian N-power chief resigns

By Andrew Whitley in Rio de Janeiro

THE TROUBLED Brazilian nuclear programme, suffering from budget cuts and cost over-runs, was plunged into fresh difficulties yesterday with the resignation of Sr Paulo Nogueira Batista, the President of Nuclebras, the state nuclear authority.

Sr Nogueira Batista, a career diplomat who has held Brazil's top nuclear energy post since the formation of the agency in 1975, said he had concluded his task of establishing the company, with its equipment manufacturing and fuel fabrication subsidiaries.

He denied his departure had any connection with President Joao Figueiredo's decision last month to cancel orders for the construction nf Brazil's fourth and fifth nuclear plants, Iguape I and II.

It is known, however, that the president was displeased with Nuclebras's decision to award the multi-million dollar contract to heavy construction companies, Mendes Junior and Camargo Correa, without a public competition.

No replacement has been named to take over the authority which has one American-built plant, Angra I, still undergoing tests and two others, Angra II and III, under construction under the supervision of Germany's Kraftwerkunion, KWU.

With the backing of the military, anxious to ensure that Brazil should have full control over the nuclear fuel cycle and a capacity to develop nuclear weapons if Argentina should do so, Nuclebras has over the past eight years been given lavish Government support.

It has also been a constant target of public criticism for its extravagance and failure to meet targets.

The original agreement with West Germany called for the construction of eight KWU pressurised water reactors, each of 1,250 MW. In addition, Brazil is to establish fuel reprocessing facilities.

The revised programme calls for the construction of only four plants, in addition to Angra I.

REAGAN PLAYS OPENING GAMBIT IN MISSILE TALKS

Pawns exchanged in propaganda battle

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

IN WEST BERLIN on Monday night, President Ronald Reagan played his opening gambit in what Washington believes will be a high-stakes game between the two superpowers for West European opinion that neither is likely to win until the end of this year.

On Tuesday, Mr Yuri Andropov, the Soviet leader, quickly took the pawn pushed forward by Mr Reagan by scathingly rejecting the invitation to a U.S.-Soviet summit Mr Reagan had proferred.

In chess parlance, that would be known as accepting the gambit—and it should not be forgotten that the Russians are the world's best chess players.

The Reagan Administration was fully aware that Mr Andropov could not agree to a summit of which the sole purpose would be to endorse the U.S. position by agreeing to a ban on all intermediate-range nuclear missiles "on the face of the earth."

The purpose was to bring him out into the open at a time when a number of West European leaders, not least Herr Helmut Kohl, the West German Chancellor, are calling for a summit meeting.

If it were only a chess game, it *would now* be np tn Mr Reagan to make the next move.

Washington believes, however, that neither side is likely to make a substantial move in the Geneva negotiations on missile reduction until a much later *stage in the game.*

For the time being, the two sides will be trying to strengthen their positions for the end-game through exchanges of propaganda initiatives, or what Mr Reagan prefers to call "public relations."

Washington never expected Moscow to shift significantly in Geneva before the March 6 West German elections. But even beyond the elections it does not think that there will be a serious Soviet negotiating offer until the Kremlin leadership is convinced that deployment of the missiles will proceed on schedule from December if there is no negotiated settlement by then.

So far, Washington does not believe the Soviet Union is anywhere near convinced of this. It believes Moscow is hoping for an outcome which leaves the Americans with no missiles but Russia with enough for its purposes. In Washington's view, the Soviet aim remains to impose such a resolution by working on public opinion in the countries that are to receive the missiles.

Until there is what they regard as a serious Soviet proposal on the table, the Americans do not plan to move.

First, they fear that once they move away from the total ban *they are seeking* and *become in*volved in negotiating detailed figures for missiles on both sides, they will be accused of trying to introduce missiles into Europe by the very same people who are now attacking the all-out ban for "zero option."

More fundamentally, however, the Americans believe that to abandon their position now would look like panicking in response to a well-orchestrated Soviet propaganda campaign—fatally undermining the steadfastness they had hoped to bring to the leadership of the Western Alliance after the wavering and indecision of President Jimmy Carter.

In six months' time, the Europeans who are now asking the Americans to be "more flexible" would be criticising them for caving in, they believe.

It is not forgotten in Washington—as it often is in Europe—that both the original 1979 Nato decision to deploy the missiles, while simultaneously negotiating limits, and the "zero option" were inspired by the Europeans, not by Washington. The U.S. would never have chosen the zero option if it had not been for the wishes of its European allies.

Equally, the Americans do not now want to let down those European leaders who have supported them on the zero option. It would, they fear, be a ghastly repetition of the "neutron bomb" fiasco, in which President Carter finally persuaded the Europeans to support deployment, against all their instincts, and then left them in the lurch by abandoning it.

The prime American objective for the coming months is to make sure that deployment goes ahead if negotiations fail. If the Europeans were to reject deployment, Washington believes the alliance would be shaken to its foundations.

The U.S. would think twice in the future about trying to tackle difficult strategic decisions in the alliance context, and Washington would find it difficult to base its own future policies on the wishes of the Europeans if those wishes proved to be ephemeral. Pressure would inevitably grow for the withdrawal of U.S. troops from Western Europe.

The Americans, however, are not going to agree to any settlement that gives the Soviet Union the right to deploy its own missiles against Western Europe but denies the U.S. the right to deploy a deterrent force.

Any agreement, the Americans insist, must be based on three main principles at least: equal numbers of warheads on both sides, global limits on the Soviet missiles (in Asia as well as Europe) and verifiability.

So far, the Soviet Union has come nowhere near accepting these principles. It is, on the contrary, sticking to its own two principles, which are a refusal to reduce its missiles to zero and a refusal to concede the right to the U.S. to deploy any at all.

Washington is making it quite clear that unless the Soviet Union withdraws from this position, the missiles will have to be deployed.

The fundamental U.S. game-plan for the coming months—however difficult that may be—is to establish the conditions in which such a deployment will be politically feasible.

Only if that is clearly established, the U.S. logic goes, will the Soviet Union make sufficient concessions to render it unnecessary.

A Salvadorean woman who fled the heavy fighting in Berlin is reunited with her son

Salvador guerrillas capture key town

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

A WAVE of insurgent attacks against Salvadorean Government forces in the south-east of the country is fuelling speculation that President Alvaro Magaña may soon be obliged to negotiate with the left-wing FMLN guerrillas and their civilian allies in the Democratic Revolutionary Front (FDR).

Yesterday guerrilla forces consolidated their hold on the industrial town of Berlin in the south-eastern department of Usulutan which they had attacked on Sunday.

The insurgents captured the town despite heavy air attacks by U.S.-made A-37 Dragonfly aircraft of the Salvadorean air force.

FMLN forces, entrenched along El Salvador's main river, the Lempa, now threaten to cut off the eastern third of the country and the port of La Union from the capital San Salvador.

The insurgent drive in Usulutan came as the Salvadorean army sought to drive the guerrillas from their northern strongholds in the department of Morazán on the frontier with Honduras.

The three battalions of the Salvadorean army which were *trained* in the U.S. last year, the Belloso, Atonal and Atlacatl, claimed that only two areas in Morazan were still under FMLN control.

The insurgents' ability to launch a major attack in the east of the country after government forces claimed to have swept them from the north confirms the belief of many in San Salvador that President Magaña's troops are making little headway against the guerrillas.

In the capital the political position of Major Roberto d'Aubuisson, leader of the extreme right Arena party and speaker of the constituent assembly, looks increasingly beleagured.

Members of the assembly last week disregarded his procedural rulings and support for Arena among the smaller political parties is crumbling. These have increasingly turned towards an alliance with the Christian Democrats.

Washington has made little secret of the fact that it would like to see a return to power of the Christian Democrats, whose leader, former President Jose Napoleón Duarte, was badly beaten in elections held last March.

The U.S. has been quietly collaborating with President Magaña to isolate Major d'Aubuisson. The eclipse of Major d'Aubuisson and the return of the Christian Democrats would make any negotia*tion with* the rebels easier

The FMLN is continuing its sabotage of the economic life of the country. Sr José Manuel Pacas, the Economy Minister, has said a quarter of El Salvador's coffee crop could be lost this year.

Strike-breaking truck driver shot dead

BY PAUL BETTS IN NEW YORK

A STRIKE by independent truckers in the U.S. claimed its first victim on Monday night when a truck driver was shot dead driving his lorry in breach of the strike call in North Carolina.

Other drivers who have ignored the strike call were also shot at in various parts of the U.S. One was reported to have been hurt by a bullet in Utah.

The Independent Truckers' Association, which represents the 100,000 truck drivers who own and operate their trucks, have gone on strike in protest against the Government's decision to increase petrol and diesel fuel taxes, excise taxes on trucking equipment and registration fees on large trucks.

Although the independent truckers make np only about 15 per cent of the country's truck drivers, who are predominantly members of the Teamsters Union, they play an important part in te country's commerce.

Independent truckers play a major role in hauling household goods, steel products and refrigerated produce across the country. Their association claims they carry 90 per cent of all fresh produce transported by truck in the U.S.

Despite the violent start to the strike which began on Monday, the action by the drivers, a fiercely independent and tough-minded group, has so far had no significant impact on the transport of fresh produce — the goods most vulnerable in a stoppage.

Mr Mike Parkhurst, the president of the independent association, claims that between 50 per cent to 70 per cent of the independent drivers have stopped work. The U.S. Transport Department estimates only about 20 per cent have gone on strike.

A number of independent truck drivers have been out of work for some time because of the economic recession in the U.S.

Mr Parkhurst said yesterday his members could not afford the new taxes including the 5 cents a gallon petrol tax and higher highway-user fees designed to provide funds to help rebuild and repair the country's decaying highway network.

Mr Drew ewis, the Transport Secretary and the man who broke the air traffic controllers' strike, claims it is only fair that the trucking industry, which has been largely responsible for the deterioration in the U.S. road network, should bear the burden of rebuilding costs too.

Mr Lewis, who is resigning this week to join Warner Communications, said: "It is totally unrealistic to expect that we will rescind the 5 cent a gallon gas tax, especially when the truckers are some of the biggest beneficiaries and are paying only 73 per cent of the cost to repair the damage they cause to the roads."

Mrs Elizabeth Dole, the wife of the influential Republican Senator Robert Dole, has been named to succeed Mr Lewis.

But the independent truckers —thought of by many as America's last real cowboys and a major element in the country's folk music and social history — feel they have been sold short, especially by the unionised truckers who have accepted the new taxes.

The independent truckers have suggested the reason the large trucking companies and their unionised drivers have not backed the strike is because the Government has agreed to allow heavier and longer trucks on the roads.

Fairchild anti-trust ruling

By Richard Lambert in New York

THE FEDERAL Trade Commission yesterday filed anti-trust charges against the acquisition last October of Accutest Corporation by Fairchild Camera, a subsidiary of Schlumberger.

But the decision to press charges was only taken after a split three-to-two vote by the commission. Mr James Miller, the FTC chairman, was one of the dissenting voices.

In its filing, the FTC alleges that the acquisition would reduce competition in the U.S. and world markets for computer chip test equipment.

The FTC says the merger would tend to create a monopoly in the U.S. and world markets

Printing jobs set for steep decline

By Alan Pike

EMPLOYMENT in the UK printing industry might fall from 250,000 to 166,000 during the 1980s unless there is an increase in market demand, according to a National Economic Development Council (NEDC) report published yesterday.

Even with an increase in demand of 2.5 per cent a year, the report – by the NEDC printing industries sector working party – still expects a drop in employment to 205,000.

The report says that the only alternative to new policies and attitudes fnr the UK printing industry is continuing decline, with an accelerating loss of markets to foreign competitors.

The advent of wnrd processors and electronic copy assembly systems, the report says, is likely to "dramatically affect the manpower profile within the printing industries beyond the pattern which has been seen so far with other new technology." It recommends that, becouse of the age structure in the industry, there should be financial inducements to early retirement.

The financial inducements to encourage early retirement could, the report states, include entitlement to state unemployment benefit prior to becoming entitled to a state pension, and a special pension allowance when unemployment benefit became exhausted.

● Union leaders will meet next week to finalise a plan which, they hope, will persuade the British Printing & Communication to save the Odhams colour printing plant at Watford, Hertfordshire.

Mr Robert Maxwell, chairman of BPCC, announced last month that be intended to close the plant and transfer its work to Sun Printers at Watford.

U.S. electronics groups prefer UK for overseas investment

BY GUY DE JONQUIERES

BRITAIN REMAINS the first choice for overseas investment by U.S. electronics companies, though it would lose much of its appeal if it withdrew from the EEC, according to a survey by Electronics Location File.

Of 662 companies surveyed, 40 per cent said that they planned to set up new manufacturing and commercial facilities outside the U.S. in the next three years. Forty-eight per cent of bigger companies, with more than 1,000 employees, planned overseas expansion.

Seventy-one per cent of companies named Britain as their preferred locatinn for overseas investment, compared with 51 per cent favnuring West Germany and 44 per cent Ireland. The UK also ranked first in the first survey carried nut by Electronics Location File last year.

A quarter of the companies interviewed said that Britain would no longer be suitable as a European base if it left the EEC. A further 46 per cent said that EEC withdrawal would make the UK "less suitable."

According to the survey, Ireland would gain an extra 8 per cent of U.S. electronics investment overseas if Britain left the EEC. Overall, 3 per cent more U.S. companies said they were planning overseas investments than at the time of the last survey.

During the past year, France has risen from seventh to fourth place in the list of preferred locations for U.S. electronics investment, with 31 American companies saying that they were considering establishing a French base.

The survey's authors conclude that President Mitterrand's emphasis on building up France's high-technology industries has outweighed any doubts which his Government's socialist policies have created amnng American companies.

More than three quarters of U.S. companies said they were in favour of fnreign electronics companies investing in the U.S., and more than four fifths said that they would consider entering a jnint venture

The survey finds that 83 per cent of American electronics companies expect the prospects for their industry to improve this year, against 69 per cent a year ago.

Countries listed in order of preference by U.S. electronics industry

Position	Last year's position	Country	Preference vote
1	1	UK	71
2	2	West Germany	51
3	3	Ireland	44
4	7	France	31
5	5	Mexico	28
6	4	Canada	25
7	6	Taiwan	21
8	12	Netherlands	19
9	9	Italy	18
10	8	Japan	17

Source: Electronics Location File, 17 The Green, Richmond, Surrey, England

Midland to issue Eurocheques

BY ROSEMARY BURR

MIDLAND BANK will announce today a major initiative in the battle for deposits. From April it will be issuing Eurocheques which it hopes will attract substantial deposits.

Customers of other banks who wish to use Eurocheques will have to open a current account with Midland. So far, the other UK retail banks have shown no inclination to issue Eurocheques.

Each Eurocheque can be written for the equivalent of £75 the standard European figure – and any number of cheques can be guaranteed for a single transaction.

Under existing UK cheque guarantee schemes, each cheque can only be guaranteed for up to £50 and only one cheque can be used for each purchase.

There will be a small charge, probably £4, for the Eurocheque guarantee card, but books of 15 Eurocheques will be issued free. If used in the UK, there will be no further charges, but there will be a 1¼ per cent handling charge when the Eurocheques are written in foreign currency.

Eurocheques are acceptable in more than 4.5m retail outlets in 20 countries as well as at more than 180,000 branches of 15,000 banks in 39 countries, mostly Continental Europe.

Midland decided to issue Eurocheques a year ago after the retail banks jointly agreed to ban from this May the use of existing cheque guarantee cards abroad in a bid to stem losses from fraud.

More talks in bid to end water strike

By Philip Bassett, Labnur Correspondent

WATER EMPLOYERS and unions both attended separate discussions yesterday with the Advisory, Conciliation and Arbitratinn Service in a continued attempt tn maintain the momentum of talks designed to settle the nine-day-old water strike.

Acas put to leaders of the 29,000 manual water workers ideas on improving earnings in line with the recommendations of the Acas mediator, Mr Ian Buchanan.

They included extending the industry's productivity scheme, more flexible working and savings resulting from the payment of wages by cheque rather than by cash.

The unions were sceptical that such improvements would satisfy strikers' demands. Employers were noticeably less optimistic than they had been when they had revealed details of the Acas discussions on Monday. Talks were still continuing last night.

Both sides may be recalled to Acas today for further discussions. The unions are pressing fnr negotiations to be reopened after the rejection in a series of members' votes last week of the employers' current nffer nf 7.3 per cent over 16 months. But the employers are still interested in seeing the unions referring the dispute to arbitration.

Leaders of the largest union in the industry, the General, Municipal and Boilermakers (GMBU), disclosed yesterday that they had this week sold £2.5m-worth of Government and local authority securities to provide additional funds to maintain the strike.

This gives the union an immediately accessible strike fund of about £7m.

CBI survey shows new cuts in jobs and stocks

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE RECESSION is continuing to push most sectors nf UK manufacturing industry into further cutbacks of stocks and labour forces despite recent falls in the value of sterling and increased consumer spending.

This is the main conclusion in the Confederation of British Industry's quarterly industrial trends survey published this morning which gives little hope of any widespread improvement during the coming year.

Export optimism is however showing some signs of increasing because of the fall in sterling. But this is not yet reflected in companies' forecasts nf demand and nutput for the next four months. The continuing fall in sterling in recent weeks since the survey was conducted however should help to paint a slightly more optimistic picture in the near future.

But any early benefits are likely to affect export profit margins rather than volume of orders, according to Mr David Wigglesworth, deputy chairman of the CBI's economic situation committee and group chief executive of the Bemrose Corporation.

"Industry is still bumping along the bottom and what we at the CBI are trying to do is not to talk ourselves into gloom which isn't there. But at the same time we do not want to hide the difficulties we are in," he said when the CBI published the survey results yesterday.

Sir Terence Beckett: CBI director general

"British industry is waiting to see whether we are at the start of something better or just another blip."

Mr Wigglesworth said that the "bottom of the recession is becoming more differentiated." Consumer based manufacturing industries were doing better, while heavy capital oriented industry was doing worse. The net result was "flat," and overall manufacturing activity was continuing to decline.

Businesses which are shown by the survey to be doing better include electrical consumer and electronic goods, cotton and allied industries, furniture upholstery and bedding, and leather goods.

All but two (cotton and furniture), of the 44 individual industry groups covered by the survey expect employment levels to continue to fall in the next four months. The CBI is forecasting that manufacturing employment will continue to fall by the 22,000 to 23,000 jobs a month recorded since the middle of last year.

Average costs per unit of output are rising at their slowest rate for 20 years, according to the survey, but this may change in the next few months significantly if the depreciation of sterling boosts import prices.

Overall the sharp declines in optimism recorded by the CBI last summer and autumn, when companies were preparing for a possible fresh slide into deeper recession, have been halted.

But there has been no real improvement in optimism beyond the expectancy that the level of sterling must affect business prospects.

Vauxhall to boost production

BY BRIAN GROOM, LABOUR STAFF

VAUXHALL Motors yesterday announced plans to boost production at its car plants in Luton, Bedfordshire, and Ellesmere Port, in northwest England. This follows last year's increase in Vauxhall-Opel's UK market penetration from 8.5 to 11.7 per cent.

Tha addition of a second shift at both factories has been a principal demand of Vauxhall's unions. It is expected to increase substantially the UK-built proportion of Vauxhall-Opel sales.

However, it is uncertain whether the new plans will persuade the Transport and General Workers' Union (TGWU) to call off its intended ban on imports of the S-car. This is built in Spain by General Motors, Vauxhall's U.S. parent, and scheduled to be introduced to the UK in the spring.

Some shop stewards said last night that they had been looking for firmer promises from the company. Stewards at Luton and the nearby Dunstable truck plant meet today, but a final decision will not be taken before a meeting between stewards and Mr Alex Kitson, TGWU deputy general secretary, next Wednesday.

The TGWU's formal demand is for the S-car to be assembled in the UK. But Vauxhall argues that, when Luton and Dunstable are operating at a high hourly rate on two shifts, the building of an extra product range such as the S-car will be impractical in existing facilities.

Vauxhall's new plans will not increase its workforce of 20,000. Additional car production jobs will be filled by transfers from the Bedford commercial vehicles division, which faces continuing depressed markets.

The company said that on its current outlook, it planned to step up production at Luton, which makes the successful Cavalier, from 35 to 40 an hour (single-shift) in April and 45 an hour in July, before moving to a second shift after the 1983 summer closure.

At Ellesmere Port, the timing is different because of demand forecasts for tha Astra and Chevette. The line rate will rise from 35 to 38 an hour this Easter and, following the introduction of new models, a second shift will be introduced in August 1984.

Vauxhall has hitherto refused to commit itself to double shifts until it sees sustained high demand, but the Cavalier's continued success has made it more optimistic.

It hopes to sell 108,000 Cavaliers in 1983, compared with 100,081 last year. It expects to build more than 60 per cent of them in the UK, compared with 52 per cent last year.

Whitelaw warns on immigration

BY MARGARET VAN HATTEM

THE Home Secretary, Mr William Whitelaw, last night warned Conservative rebels against the new immigration rules that they could expect no further concessions and that persistent rebellion was costing them those they had gained.

The Government is hoping to get the rules through the House of Commons without having to rely on Labour's support. But Mr Whitelaw, still smarting over his defeat just before Christmas at the hands of the Conservative right wing, has indicated to his supporters that he would rather accommodate Labour at this stage than give any more ground to the rebels.

The formula being put to them last night indicates that Mr Whitelaw has withdrawn most of the concessions offered to them

The only concession still on offer requires the immigrant fiances of immigrant British women, rather than immigration officials, to prove that their proposed marriages are genuine rather than marriages of convenience for immigration purposes.

Metal Box in £23m sale of headquarters

BY MAURICE SAMUELSON AND ANDREW TAYLOR

METAL BOX, the UK's largest packaging company, has sold its purpose-built headquarters in Reading, Berkshire to Shell Pensions Trust for £23m. The cash is to be used to reduce Metal Box borrowings and to assist future investment.

Under the terms of the sale and leaseback deal, Metal Box will continue to occupy its Queens House headquarters building which Shell pensions fund has acquired on a 999 year lease.

The lease to Metal Box will run for 50 years at an initial rent thought to be around £12 a sq ft or nearly £1.3m a year for the 106,000 sq ft premises.

The Metal Box sale and leaseback comes at a time when a number of major industrial and commercial companies have been looking at ways in which they can release some of the millions of pounds locked up in prestige headquarters buildings.

In central London a number of companies have followed the route taken by Metal Box in the early 1970s and have sought cheaper accommodation in the provinces and in outlying suburbs of the capital.

The property market, however, has been suffering in recent months and major investment institutions have become much more selective about the quality of commercial property they are prepared to purchase.

The sale of the Reading office block – valued in the accounts of Metal Box at £21m – follows two years of extensive and expensive cutbacks at the company as world-packaging markets have steadily contracted. Metal Box has also faced increasing competition from U.S. companies in the British can market.

Recently, Metal Box has been seeking purchasers for several of its factories which have closed during the recession.

In the first half of its current financial year, Metal Box saw pretax profits slump by 21 per cent to £14m. The company blamed the fall on a 6 per cent fall in sales volume in the UK packaging market.

Proceeds from the Reading sale will be included in the company's results for the year ending in March. Since March 1980, the company has cut its UK workforce from 33,000 to 24,000.

Metal Box bought the site of its Queens House head office, close to Reading railway station in 1972 – after the company had sold its previous headquarters in London's Baker Street

Merger move opposed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

ANDERSON STRATHCLYDE, the Scottish mining machinery manufacturer, yesterday asked the High Court to quash the controversial decision by the Trade Minister, Mr Peter Rees, to allow Charter Consolidated to renew its bid for Anderson.

In deciding not to accept the recommendation of a 4–2 majority of the Monopolies and Mergers Commission that the merger should not be allowed to go ahead, Mr Rees abused his discretion under the 1973 Fair Trading Act, Mr John Swift, QC, for Anderson, told the court.

Mr Rees was not entitled to dismiss as "speculative" the Commission majority's view that the merger would adversely affect the public interest, said Mr Swift.

It was not for the minister to substitute his own opinion for that of the Commission. Faced with the views of the two-thirds majority required by the Act, the minister's job had been to devise a way to remedy the adverse effects.

The case continues today.

Harvester lays off workers

INTERNATIONAL Harvester has halted tractor production and laid off 1,000 employees at its Doncaster site in South Yorkshire because of a strike at one of its components suppliers.

Some 380 manual workers at Hattwood and Ackroyd in Morley, Leeds, have been on strike for two weeks, in a dispute over their annual pay claim. The company supplies hydraulic valves to Harvester.

A mass meeting of the strikers, mainly members of the Amalgamated Union of Engineering Workers, has been scheduled for tomorrow.

Travel deficit rises

BRITAIN's travel account for the first 11 months of last year was in deficit by £498m – the difference between spending by overseas visitors in the UK and expenditure abroad by Britons. In the same period of 1981 there was a £350m deficit.

In the first 11 months of 1982, the number of overseas visitors to Britain rose by 2 per cent to 11.1m, compared with the same period of 1981 and they spent 7 per cent more than a year before at £2.89bn.

But visits abroad by UK residents were 7 per cent higher than a year before, at 19.6m, and their spending overseas, at £3.49bn, was 11 per cent higher.

Sealink ballot

HARWICH seamen have voted by 383 to 66 to accept a compromise package that might save Sealink UK's ferry service to the Hook of Holland.

Sealink threatened to withdraw from the route if it could not implement cost-saving measures and introduce a new vessel to replace the two present ferries.

Car prices rise

THE price of Volkswagen and Audi cars, imported by VAG (United Kingdom) a Lonrho subsidiary, went up by an average of 4.75 per cent yesterday.

Offer of record payment for mishap

By Gareth Griffiths

THE DEPARTMENT of Industry has made the largest offer of compensation ever made by a Government Department after an investigation by the Ombudsman.

A scrap metal processing company is to be paid £57,000 compensation because of the way the Department of Industry mishandled an application for an interest relief grant under the Government's regional aid policy.

In a report published yesterday Sir Cecil Clothier, the Ombudsman – whose formal title is Parliamentary Commissioner for Administration – says the company received shoddy treatment from the DOI. He was disturbed by the lack of an agreed note after a crucial meeting between the two sides

The company was set up in 1979 to set up a new venture for the processing of non-ferrous scrap metals. It left a meeting with DOI officials convinced that its project would qualify for assistance and as a result entered into commitments it would not otherwise have made.

Public expenditure under control, says Government

Mr Leon Brittan, Chief Secretary to the Treasury, yesterday presented the Government's fourth full public expenditure White paper which gives a more complete account of the expenditure plans outlined by Sir Geoffrey Howe, Chancellor of the Exchequer, in his autumn statement. Here is a summary of those plans.

PUBLIC expenditure was under firm control and well within the levels set out by the Government, Mr Leon Brittan, Chief Secretary to the Treasury, said yesterday.

He was presenting the Government's fourth full public expenditure White Paper which sets out expenditure plans for 1983-84 to 1985-86. The main features of the 1983-84 plans were given by Sir Geoffrey Howe, Chancellor of the Exchequer, in his autumn statement in November last year. Yesterday's White Paper gives a fuller account of these plans and those for later years.

- For 1982-83, the estimated outturn of £113bn is well within the equivalent of the 1982 budget plans (£114.7bn). It is also some £7bn less than the cash equivalent of the previous Government's plans for that year.
- For 1983-84, the total cash plans are now £119.8bn, about £1bn less than the 1982 budget plans. This is also £500,000 less than the total of programmes shown in the autumn statement, mainly because the figure now incorporates the usual allowance for net shortfall.
- For 1984-85, the cash plans are now £126.4bn, more than £1bn less than the equivalent of the 1982 budget plans.

The White Paper is part of the Government's objective of reducing public spending as a proportion of national output. The upward trend in the ratio of public expenditure to Gross Domestic Product (GDP) has now been reversed. A falling trend now apparent is shown by the fact that the expected outturn for 1982-83 is 44 per cent, compared with 44½ per cent in 1981-82, and the plans for 1983-84 show a further fall to 43½ per cent.

The annual rate of increase in expenditure is also slowing down. In 1978-79, the last full year of the previous Government, it was 15.8 per cent and on a rising trend. On present estimates it will fall to 8 per cent in 1982-83, 5.8 per cent in 1983-84 and 4.7 per cent in 1985-86.

The timing of publication of the White Paper has been changed this year. After the proposals by the Treasury and Civil Service Committee of the House of Commons in their report on budgetary reform, the White Paper is being published before, not on, Budget Day.

Expenditure plans shown in the White Paper should not be taken in isolation as indicating any particular change in the fiscal adjustment from that shown in the autumn statement. A new Industry Act forecast will be published at the time of the budget, taking account of the latest known position on public expenditure and all other relevant information, this will include decisions on the size of the public sector borrowing requirement, and many other changes – including those in the exchange rate and oil prices – which have occurred since the autumn.

Capital expenditure in 1983-84 is now planned to be £11.25bn, some 12 per cent higher than the estimated outturn for 1982-83 (put at about £10bn). Spending on construction is expected to rise by about 10 per cent to £10.25bn. The Prime Minister wrote to local authorities and nationalised industries in November 1982 explaining the Government's concern at the level of underspending, and changes are being made in the capital allocation procedures for local authorities to ensure more effective execution of capital spending programmes in the future.

The contingency reserve – designed to cover contingencies and unforeseen decisions adding to spending – has been reduced to £1.5bn for 1983-84, which is some £1bn less than the £2.5bn provided in 1981-82 and £2.4bn in 1982-83. (So far, £1.866m of the Reserve for 1982-83 has been spent, including £380m allocated from the Reserve for expenditure on the Falklands; a further £250m is expected to be spent by the end of the financial year).

The size of the Reserve will be reviewed at the time of the budget before it is set finally as a control total for the year. For each of the two following years provisional reserves of £3bn have been included to cover both these factors and additions to programmes (net of shortfall) which may be decided upon in later surveys.

The size of the Civil Service has been reduced from 732,000 in April 1979 to 655,000 in October 1982. A further reduction to about 630,000 is planned by April 1984. This will leave the service smaller than at any time since 1945. Local authorities' total manpower has also been reduced by 4 per cent between March 1979 and June 1982.

For some programmes, notably social security, special economic assumptions have to be made. For planning purposes, it has been assumed that the general index of retail prices (RPI) will increase by 5 per cent between November 1982 and November 1983 and that (on the "claimants" basis now used by the Department of Employment for the count) unemployment in Great Britain (excluding school leavers) will average 2.7m in 1982-83 and 3m the following year.

These assumptions are not forecasts or predictions and are the same as in the autumn statement. If developments in the world economy are favourable and developments in the UK permit – notably by way of continued reduction in pay settlements – the levels of unemployment in the later years may turn out to be lower than these assumptions.

Pay accounts for about 30 per cent of total public expenditure; in many programmes much more. The Government has provided in 1983-84 for average increases in wages and salaries bills of 3½ per cent from the due settlement dates for the Civil Service, armed forces, and other central government groups apart from the National Health Service (NHS), after taking account of planned changes in the number of those employed. The provision made for the NHS is consistent with the settlement covering both this year and next.

Ever Ready acts on plan to shed 900 manufacturing jobs

BY NICK GARNETT, NORTHERN CORRESPONDENT

BRITISH Ever Ready, the battery and electrical equipment group, is continuing to reduce its workforce at five manufacturing sites. An estimated 900 jobs will eventually go.

These cuts follow a plan announced last summer to decentralise a number of the company's service functions. Its London technical centre will be transferred and 150 staff made redundant at its Cramic engineering subsidiary in Oxfordshire.

Ever Ready is contracting its exporting effort to concentrate on its manufacturing for the UK market in an attempt to boost profits and rebuild its home sales. Most of the job cuts are part of this contraction.

The group, bought by the Hanson Trust in 1981, has been losing its UK market share to Duracell and some Japanese manufacturers. But it is now stepping up its marketing expenditure, upgrading products and attempting to improve productivity in order to win back this share.

The group recently announced a cut of 155 jobs of a workforce of 370 at Newburn, Tyneside. This followed a similar announcement last month of 314 job losses out of 940 at Tanfield Lea, Co Durham.

About 250 jobs are being shed at Dawley, near Telford, and some of these are related to the introduction of new processes.

These three sites manufacture batteries, mostly for the export market. The company said yesterday that these markets have become increasingly competitive and some of its sales have been made at factory cost, therefore making a net loss.

A further 145 jobs will be cut from the Wolverhampton torch and cycle lamp operation's workforce of 360 and another 20 at the Wolverhampton site which manufactures carbon rods. This will reduce Ever Ready's total employment at its manufacturing sites from 2,900 to about 2,000.

The Hanson Trust last year sold Ever Ready's European subsidiaries to Duracell as part of the plan to concentrate on areas of best profit potential, reduce exporting losses and recover lost ground in the UK market.

Harland and Wolff in bid to cut costs

BY OUR BELFAST CORRESPONDENT

MR JOHN PARKER, who took over yesterday as chairman and chief executive of the loss-making Harland and Wolff shipyard in Belfast, said he wanted to bring the company's costs into line with its major European competitors.

Mr Parker, former deputy chief executive of British Shipbuilders, said that the introduction of new technology in the design and production areas of the company would play an important part in the process. He is to set up a production development planning group within the management.

Harland and Wolff, which is state-owned, reported losses of £26m in the 15 months to March 31 1982. The Government has provided £46m aid to the company in this financial year.

Mr Parker's appointment coincides with proposed economies which could reduce the 5,600 labour force by about 1,000. Consultants advised the board last year that it could cut overheads by 25 per cent.

Hopes of boosting the company's slim order book rest, in the short term, on winning an order for four refrigerated cargo ships worth up to £70m from the Blue Star Line. Negotiations for the contract are at an advanced stage.

Mr Parker, who began his shipbuilding career as an apprentice with Harland and Wolff in 1956, yesterday met fellow directors and trade union representatives.

He said he could not predict when the company might return to viability. Much depended on the international market for ships. At present, he said, almost no shipyard in the world was making money.

Lonrho cargo airline is awarded 21 new routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TRADEWINDS Airways, the independent all-cargo airline which is owned by Lonrho, has been awarded a substantial number of new routes to North America, Africa and the Middle East by the UK's Civil Aviation Authority.

The awards are for a period of 10 years, but are still subject to the Department of Trade being able to secure the necessary route rights on acceptable terms from the other countries involved. Tradewinds has been granted 21 of the 35 new routes it applied for.

The CAA, in announcing its decision, after one of the longest public hearings into any airline's route applications, says that it is now up to Tradewinds and its parent, Lonrho, "to decide whether these points are sufficient to justify the substantial investment required for the more economical and quieter aircraft which will be needed for future operations."

Tradewinds hitherto has been using Boeing 707s for its all-cargo flights to Africa and other points, but new noise legislation becoming effective in 1986 will enforce a re-equipment programme.

Tradewinds considers, however, that there is sufficient suitable modern secondhand equipment available world-wide for either purchase, lease or time-share to ensure that it can provide the quieter aircraft needed by the mid-1980s.

The new all-cargo scheduled routes awarded to Tradewinds are those from Gatwick to Toronto, Atlanta, Boston, Chicago, Detroit, Los Angeles, Miami, New York and San Francisco in North America.

The scheduled points in Africa now granted (with intermediate stops at Las Palmas or Larnaca as appropriate), include Cairo, Dar-es-Salaam, Entebbe, Khartoum, Lilongwe, Lusaka, Mogadiscio and Nairobi, with rights to carry local cargo between Khartoum and Cairo, Khartoum and Larnaca, and between Lusaka and Nairobi.

All these Africa points are already served by Tradewinds charter services, which will continue while the negotiations for scheduled rights are held.

"The underlying concept put forward by Tradewinds was to combine features of a charter operation, such as low frequency and low market penetration, with the regularity and security of a scheduled service," said the CAA yesterday.

"In looking, however, at the individual routes, the Authority was obliged to pay particular attention to the likely effect of granting such licences, not only on other British airlines, and interested users, but on the balance of advantage for the UK as a whole."

Scotch whisky sales in UK fall by 4%

By Gareth Griffiths

SCOTCH WHISKY released from bond for the UK market fell by 4 per cent for the eight months from last April to November against the same period in 1981, the Scotch Whisky Association said yesterday.

Whisky released from bond was 241,821 hectolitres, compared with 252,640 hectolitres. There is, however, tentative evidence of a bottoming out of the fall in whisky sales in the UK as the 11-month running total for releases up to November 30 was 392,600 hectolitres, a fall of 7.5 per cent on the 1981 equivalent of 424,486 hectolitres.

The Scotch industry is lobbying for restraint by the Chancellor of the Exchequer on excise duty in his budget on March 15.

A delegation visited the Treasury last week to point out that as well as dampening home demand, high taxes provided a benchmark for overseas governments on which to base their whisky taxes. Tax accounts for 80 per cent of the retail price of a bottle of Scotch in the UK.

Inspector calls for Sizewell flask disclosure

Financial Times Reporter

SIR FRANK LAYFIELD, the Sizewell B inquiry inspector, yesterday suggested there should be a form of disclosure of confidential details about the flasks used to transport irradiated nuclear fuel.

He ruled that details about the flasks were relevant to the inquiry, irrespective of security and commercial risks.

The ruling followed opposition by the Central Electricity Generating Board (CEGB) and British Nuclear Fuels (BNFL) to the disclosure of design details of the flasks.

The Greater London Council had asked the inspector yesterday to order disclosure of details, including design specification and engineering drawings.

Sir Frank says be was not persuaded that the details were irrelevant, and indicated that the CEGB and BNFL should consider a form of disclosure which would not endanger security or commercial confidentiality.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BP: 'making sure research is behind the business'

David Fishlock talks to the oil group's director of research about the commercial factors which govern his strategy

"WHEN people say it's scandalous—a company of your size not in biotechnology—I say we've been there," Professor John Cadogan muses wryly. He is the man at the centre of a major reorganisation of research and development effort in British Petroleum during the past year.

BP reckons it has spent about £100m (1982 prices) developing a discovery made in its French laboratory at Lavera in the 1950s. It developed two biotechnology processes for continuously turning crude oil into a nutritious animal feedstuff.

Professor Cadogan arrived in 1979, soon after a board-level decision to abandon the processes. As he sees it, the discovery was a "great technical success" but abandoned in 1978 "for clear business reasons—it was a dry hole."

Professor Cadogan, 52, joined BP as chief scientist to run the group research centre at Sunbury-on-Thames. He arrived with an enviable academic reputation as an organic chemist, culminating in fellowship of the Royal Society in 1976. The energy and infectious enthusiasm this don brought to industrial research management soon led to his promotion to Director of Research for the BP group.

In this role he is one of the group chief executives, responsible for a £112m research budget (1982), and reporting to Robert Malpass, an engineer recently returned from the U.S. to join the BP board. Although not a profit centre, group research is treated as if it were, with its own research board—Malpass is chairman—and two non-executive directors.

Cadogan—a consultant to BP before joining the group—believes strongly in getting advice from uncommitted sources. His non-executive directors are Sir Alastair Pilkington and Sir James Menter, both fellows of the Royal Society and "both very good. They're a gate we've got to pass."

A year ago BP's new chairman, Peter Walters, told Cadogan to "make sure your research is behind the business." He wanted to know where research figured in the forecasts of every profit centre.

Cadogan says he started his reorganisation with one big advantage. "The great thing about BP is we have the good fortune to have most of our front-line research under one roof." Sunbury accounts for nearly half of his budget, about £50m.

The Sunbury Research Centre is organised on a matrix basis, with a large number of scientific disciplines — chemistry, solid-state, colloids, surfaces, biosciences, etc. — each supported by several profit centres. Each of these sciences has the sponsorship of eight or nine BP businesses. Cadogan is convinced that this intimate interaction of research with a great diversity of commercial interests is where the pay-off lies. "Real discoveries are made 'serendipitously.' We don't allow demarcation disputes."

About 70 per cent of group research is sponsored. The remaining 30 per cent is funded corporately. Discoveries are often "incubated" with corporate funds until it is clearer which businesses should sponsor them.

Sunbury also has a long tradition of being able to assemble a task force for trials. The knack is not to pull people out of the mainstream but for the man appointed as task-force coordinator to nominate the people he wants to help him prepare for the trial. A big exercise this year is the preparation for BP's first trial of enhanced oil recovery.

Before a discovery reaches this stage, however, it has to survive a top-level techno-economic appraisal by an independent group of scientists at Sunbury. Cadogan insists that this group shall get access to any bright new idea very early, in order to justify spending more money.

An idea that failed this test recently is the National Coal Board's elegant process for making oil from coal by high-pressure solvent extraction. BP and Phillips Petroleum both supported the Coal Board's experiments and were invited to share the £50m cost of a 25-tonnes-per-day coal conversion demonstration at Point of Ayr. Independently, both oil groups have declined.

"The pilot plant work done so far did not lead us to believe that the process would operate continuously," Cadogan says. He is convinced the flaw is "pretty fundamental." The Coal Board should get back to the laboratory bench and not attempt to scale up an inefficient process. "We didn't withdraw from the £50m project—we never agreed to it."

John Cadogan: it is no part of BP's business to indulge in strategic R&D decisions that are rightly the province of government

As Cadogan sees it, it is no part of BP's business to indulge in strategic R and D research decisions that are rightly the province of government. His job is to choose between a myriad technical options open to his own company for development for straightforward commercial reasons and "there are better opportunities." The conclusion at Sunbury is that no way of turning coal to oil is anywhere near good enough at present. It is not a 5 per cent improvement that is needed but at least 50 per cent, one research manager says. That means going back to basic coal science, as BP is doing.

In energy R and D, there are only too many opportunities with popular appeal which, when viewed critically as an investment, turn out to consume much more energy than they could ever yield. Cadogan cites the enthusiasm for using biomass as any energy source—for example, making methane from straw. Collecting the straw alone would consume more energy than the process would produce, he says. He has abandoned BP research using biomass as a feedstock for either fuels or chemicals because, as he puts it, he is unable to see ways of getting anywhere near favourable economics.

But to keep enthusiasm for research at a high pitch right up to the final hurdle of the techno-economic appraisal, Cadogan has introduced two important safeguards. One is an open-door policy in which anyone with a bright idea or an urge to cry eureka can get his ear. "I think my people realise that I'm really interested in science."

Not a week passes without something turning up, he claims. But with 900 research projects on hand, spread over 16 different business sectors, he doesn't find that surprising. He also spends about £25m of his research budget outside BP's laboratories—with universities and such national laboratories as Harwell and Warren Spring. He likes to keep closely in touch with these research contracts.

He has also started a small research group at Sunbury in genetic engineering. An advertisement in Nature two years ago sought a team leader "with green fingers, versatility . . ." He calls this an "awareness activity," principally on behalf of BP Nutrition, the £500m business which grew out of BP's aborted biotechnology processes making protein from oil.

His second safeguard is to carry out the techno-economic assessment at general-manager level in the laboratory. He has three general managers at Sunbury reporting directly to him. One runs it. Another is in charge of planning and economic studies, and in this role keeps close to the BP business sectors sponsoring research. The third general manager is directly responsible for relations between research and BP profit centres.

Cadogan and his general managers must then convince the research board. The research board under Robert Malpass is BP's spending authority for the entire R and D effort. The chief executive of BP Exploration—"our biggest spender," which sponsored research to the tune of about £30m last year—sits on this board. Cadogan's role on the board is to argue the case for what the research programme is doing. At the end of 1982 he secured a 10 per cent increase in the research budget for this year, and a specific commitment to spend more on his long-range research programme.

But the biggest change in direction came last year, when the research programme swung about 15 per cent away from oil per se, to put more effort behind such areas as exploration, coal and new energy sources. Cadogan says it dawned gradually on BP over the last three years that the group was putting far too much research effort into the oil stream and neglecting the growth points of the energy business. It had also been deterred by the fact that exploration is more expensive than some of the traditional oil industry R and D.

One of the biggest research projects at Sunbury reaches the stage of field trials this year. Several million pounds have already been committed, on behalf of BP Exploration, to two trials of the latest techniques for enhanced oil recovery. This is the attempted extraction of the 50 per cent or more of the oil in any field that remains once the company has recovered oil that will flow under its own volition, or when water is forced into the well.

The residual oil needs extra help—heat or chemicals, for example—before it will flow from interstices in the rock. Sunbury has invented two methods of loosening the oil. It screened 500 chemicals before picking the one it will try, in a trial expected to cost £2m. The second trial, using carbon dioxide gas, will cost another £1m-£1.5m.

Sunbury assembled a task force of about 30 under Dr Bob Mitchell to plan the trials in BP's East Midlands oilfield, near Lincoln. Already it has spent over £1m assembling equipment. The field was chosen, Mitchell says, because it is accessible, shallow and suitable for testing not only the techniques and computer predictions of their performance, but also the methods of managing enhanced oil recovery that BP has worked out.

"The trick is to put less energy down the hole than you get up as oil," says John Ford, the general manager who runs Sunbury for Cadogan. "Technically, this is extremely difficult to do." Too easily, expensive chemicals can be destroyed by the hostility of conditions deep in the oil field, or simply disappear into the rock. Even if Sunbury's ideas are successful on-shore, it is no guarantee that they will work at much greater depths and quite different geology in the North Sea, where the big prizes lie for BP.

Corporate ethics

Have you ever been offered a bribe?

ONE IN seven senior managers gets involved in questionable business practices such as bribery, falsification of information and even blatant law breaking, according to a new survey of corporate ethics just published.

In the hurly burly of corporate life more than half of the managers surveyed — 53 per cent—have recently faced at least one conflict between the demands of their company and what they personally believed to be right.

And as many as 10 per cent have been confronted with having to take unethical decisions at least six times in the past five years.

These startling findings emerge from a new study* of more than 900 executives in 16 industrialised countries outside North America and the Eastern bloc. They are published in the latest issue of International Management magazine.

The majority of managers faced with an ethical conflict resolved the problem by doing what they thought was right, the survey found. However 27 per cent of them—equal to one in seven of all the managers surveyed—said they did what was expected of them by their employer.

The findings are a serious indictment of current corporate behaviour. In part they reflect the hardships brought about by the recession.

Practices such as bribery—often disguised as gift-giving—are generally illegal in most countries and contrary to the internationally-agreed business guidelines drawn up by such bodies as the Organisation for Economic Co-operation and Development (OECD) and the International Labour Organisation (ILO).

Both organisations recommend (their codes of conduct are voluntary), for example, that companies do not make or receive bribes. Yet 38 per cent of the surveyed businessmen said they had recently either made or been offered an "irregular" payment.

The study says that business ethics is revealed as a major issue facing managers—"and one they are struggling to cope with."

Among the conflicts they face are whether to pay illegal commissions to win a sale that will protect jobs, it says. They have to confront "the dilemma of unethical actions versus the consequence of refusing, and thereby losing their jobs."

In regional terms the pattern of "unethical" behaviour varies widely. Just over a fifth of European executives said they had been asked to make "irregular" payments, compared with just under a third of managers in the Middle East and 44 per cent in Latin America.

Far fewer businessmen admitted receiving gifts or bribes—around 10 per cent in Europe and Latin America and only 2 per cent in the Middle East.

In Europe around half of the respondents said that in the course of their work they had been asked to conceal or falsify information. The comparable figure for Latin America was 40 per cent.

In Europe the least "unethical" country appears to be Britain. About 60 per cent of the UK executives said they had never found themselves in the position where they would have been acting unethically.

In contrast only about 40 per cent of executives in France, the Netherlands and West Germany found themselves in the same position. In Belgium around a fifth of businessmen said they had frequently been asked to be unethical.

The survey notes that more than two-thirds of managers who acted according to their conscience rather than company dictates suffered no disadvantage at all. Of those who did suffer, most faced the traditional penalties of job loss or reduced promotion prospects.

* *Survey on Corporate Ethics available from International Management, McGraw-Hill House, Maidenhead, Berks. Price £15.*

Arnold Kransdorff

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Stolen cheque

Mr A draws a cheque in favour of Mr B and crosses it, adding the words "account payee only." The cheque is stolen in the post by Mr C, who opens a building society account in the name of Mr B and pays in the cheque.

Two weeks later Mr C draws out money from the new building society account by which time the cheque has been through the society's bankers and debited to the current account of Mr A. Mr A finds out about the theft only after his account has been debited.

(1) Presumably Mr A still owes Mr B the original debt? (2) Is there any right of recovery from the building society? (3) Is there any right of recovery from the bankers of the building society? (4) Are the bankers of Mr A at fault in any way for allowing the debit to his account?

(1) Yes.

(2) We think not.

(3) No.

(4) A claim against the drawer's bankers is more likely to succeed, so long as Mr A has not done anything which might amount to negligence, for example, by failing to notify his bankers as soon as he learnt that the cheque had gone astray.

We have received a large amount of correspondence about our reply to the above problem first published on December 15. We have therefore decided to explain the reasons for the answers.

We took the view that the building society would not be liable for converting the cheque because it would have accepted the cheque in its role either as a banker or as a bailee, ie the building society taking custody of its customer's cheque.

If it had been acting as a banker and had carried out the normal procedures for opening an account correctly, its defence for accepting a stolen cheque could be provided by Section 4 of the Cheques Act 1957. This was successfully used (by a bank) in similar circumstances in Marfani Limited v Midland Bank (1968) 1 WLR 956.

If the building society was only a bailee there was probably no conversion: see Paget on Banking p 173.

It should be emphasised that the situation in the query was a case of deception by personation not of forgery.

We also took the view that the collecting bank was not liable, even though it was warned of the need to make proper inquiries by the cheque being crossed "Account Payee," which we accept was not complied with in this context.

Had the collecting bank checked with its customer, the building society, about the identity of the payee, it would still not have been negligent because the collecting bank was not opening a new account for the building society. We do not think there could have been negligence by association.

A claim against the paying bank—Mr A's—would have had to be based on negligence; and, on reflection, there seems little prospect of success there. Accordingly we agree with those who have suggested that the prospects of claims against the collecting bank or building society would have been stronger than against the paying bank. However, for the reasons given above we do not rate those claims highly.

Had Mr A added "Not negotiable" to the cheque he made out to Mr B, the position would not have been materially different because, while limiting the title to the cheque, the validity of the payment made by the paying bank would not have been affected.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

UK CAR SALES

The cut-throat road to a modest growth in volume

By Kenneth Gooding, Motor Industry Correspondent

NOTHING illustrates more clearly the desperate need for BL's soon-to-be-launched, medium-sized car, the Maestro, to be an unqualified success in its home market than the UK's sales statistics for 1982.

Last year BL's car market share fell to an all-time low of only 17.8 per cent.

This means that the group has lost market share in Britain for eight of the past nine years, getting only some slight relief during the Metro's first full year of production, 1981, when BL's penetration recovered from 18.2 to 19.3 per cent.

Last year BL hoped for 20 per cent.

But BL badly underestimated how fast its mid-range models, the Ital in particular, now very old in car industry terms, would fade in popularity.

It was also too optimistic about the chances of market conditions returning to something like normal. In the event, 1982 emerged as a year when cut-throat competition reached a peak. In the first six months the manufacturers spent heavily to advertise cut prices, "super" trade-in deals or "0" per cent finance.

All this helped improve volume—Dr Jim Maxmin, chief executive of Volvo Concessionaires, estimates it boosted total new car sales by 10 to 15 per cent a month—but did nothing for profitability.

The most significant manoeuvre came from Ford in March when it cut some prices and improved the specifications of most models. The move was unprecedented. The market leader usually attempts to lead prices upwards, not down.

Ford was reacting to two factors.

First, total car sales in the first quarter last year fell well below expectations and by March it looked as if, far from improving, the market might go down again.

At the same time, the publicity surrounding the benefits to be gained by personally importing cars from the Continent, where tax-free prices were very much lower than in Britain, was having a very unsettling effect.

General Motors, through its Vauxhall subsidiary, followed the Ford lead on prices and specifications. BL resisted for some time.

Eventually it had to follow and when Austin Rover launched its "Value for Money" campaign, backed by £3m of advertising, in the autumn, Mr Trevor Taylor, the sales and marketing director, explained why.

"We believe the taxpayer would prefer us to go out and battle the competition with bare knuckles. I am desperately sorry we have been forced into this.

"But our main competitors (be meant Ford and Vauxhall) are sourcing more and more from overseas and can use the currency differences to their advantage either with lower prices or for extra promotion."

While 1982 was a depressing year for BL, it signalled a remarkable revival for General Motors, the world's largest vehicle group.

In 1982 GM sold more cars in Britain than in any previous year. At 181,461, its registrations were 12 per cent ahead of the previous best total in 1972.

As a result, the group's market share shot up from 8.56 to 11.69 per cent, its highest penetration since 1969.

The Swan National deal illustrates how BL is being squeezed

GM's performance has been given its major boost by the success of the "J" car, sold in Britain as the Vauxhall Cavalier and on the Continent as the Opel Ascona. This success generated new interest in the complete Vauxhall range and the Astra, which had a slow start in Britain, also picked up extra sales.

The implications for BL are serious. Vauxhall, perceived by many customers to be a "British" company, is now seen by the trade as a viable alternative to Ford.

For example, when Harold Perry Motors, which claims to be Britain's biggest Ford dealer and which has so far been exclusively Ford, bought a Vauxhall-Opel dealership last month, chairman Mr Forbes Macgregor commented: "Vauxhall-Opel is the only franchise in any way analogous to Ford in the fleet market—and our principal customers are large fleets."

The attractiveness of the GM range to the fleets, which dominate Britain's new car market and account for roughly half of total registrations, was also highlighted when the car rental concern, Swan National, ordered 5,000 Vauxhalls—most of them Cavaliers—worth £25m for delivery during the 15 months from October last year. In the past, most of Swan National's fleet has been made up of Fords. In future it will be about 50-50 Ford and Vauxhall.

The Swan National deal illustrates how BL is being squeezed by the two American multi-nationals because Austin Rover competed for the business that eventually went to Vauxhall.

However, there is no doubt that Ford will have to scramble hard to retain its 30 per cent market share now that the Cortina, for so many years the fleet's favourite car, has been discontinued.

According to the Society of Motor Manufacturers and Traders, new car sales in Britain last year were 4.7 per cent ahead of those for 1981. At 1,555,027 they were bettered only in two previous years, by the 1.61m in 1978 and the 1.73m in 1979.

Imports took a record 57.7 per cent against the previous peak of 56.7 per cent, partly because of BL's weak performance but mainly because of the "captive" imports Ford and GM brought in from their continental assembly plants.

About 48.5 per cent of the 470,000 cars Ford sold in Britain last year were imports. As for GM, 41.1 per cent of its 181,737 registrations were from the Continent.

The other company which attempts to project a "British" image, Talbot UK, owned by the Peugeot - Citroen - Talbot group of France, imported 43.8 per cent of the 56,000 cars it sold.

The Peugeot group's overall market share sagged again in 1982 and the French performance as a whole looked weak because Renault's penetration fell, too.

BRITAIN'S NEW CAR MARKET 1982

Company	Country	1981 Registrations	1981 Market share %	1982 Registrations	1982 Market share %
WINNERS					
Alfa Romeo	Italy	8,030	0.54	8,928	0.57
BMW	West Germany	17,086	1.15	22,977	1.48
Daihatsu	Japan	3,059	0.21	4,743	0.31
Datsun	Japan	88,209	5.94	92,231	5.99
FSO (Polski-Fiat)	Poland	2,329	0.16	3,105	0.2
Vauxhall/Opel	W. Germany/UK	127,141	8.56	181,737	11.69
Hyundai	Korea	nil	—	2,993	0.19
Lada	Russia	15,508	1.04	16,752	1.08
Lotus	UK	325	0.02	410	0.03
Mercedes-Benz	West Germany	10,758	0.72	12,164	0.78
Porsche	West Germany	2,383	0.16	2,700	0.17
Skoda	Czechoslovakia	8,507	0.57	9,272	0.6
Suzuki	Japan	2,533	0.17	2,763	0.18
Toyota	Japan	23,405	1.58	27,590	1.77
VAG (Volkswagen-Audi)	West Germany	80,221	5.4	92,435	5.94
Volvo	Sweden/Holland	44,558	3.0	51,707	3.33
Zastava	Yugoslavia	811	0.05	3,101	0.2
LOSERS					
BL	UK	285,071	19.2	277,260	17.83
Citroen	France	27,395	1.85	24,149	1.55
Colt	Japan	11,209	0.75	8,640	0.56
Fiat-Lancia	Italy	61,977	4.17	48,808	3.14
Ford	W. Germany/UK, etc.	459,365	30.94	474,192	30.49
Honda	Japan	15,774	1.06	16,333	1.05
Mazda	Japan	15,594	1.05	15,139	0.97
Peugeot/Talbot	France/UK	85,853	5.78	75,785	4.87
Reliant	UK	308	0.02	114	0.01
Renault	France	72,041	4.85	64,147	4.13
Rolls-Royce/Bentley	UK	1,218	0.08	805	0.05
Saab	Sweden	9,461	0.64	9,474	0.61
Subaru	Japan	3,312	0.22	2,700	0.17
Others	Various	1,272		891	
	Total British	658,091	44.32	657,471	42.28
	Total imports	826,622	55.68	897,556	57.72
	Total market	1,484,713	100	1,555,027	100

Source: Society of Motor Manufacturers and Traders

Renault's UK subsidiary now has a new chief executive who has responded to dealers' criticisms that the car range is too diverse. It will be cut from 50 models to 34 this summer. Meanwhile, prices are being held.

Fiat, too, is trying yet another new approach under the third new management in as many years. The Italian group has seen its market share slump from 6 per cent in 1978 to just over 3 per cent.

Fiat hopes the new models to be introduced this year—including the Uno "supermini"—will provide a base on which it can rebuild its image and rekindle morale among its dealers.

When it comes to "image," Germany leads as far as the British car buyer is concerned. Germany's BMW, Mercedes, Porsche and VAG (Volkswagen-Audi) all had record UK sales in 1982.

All these companies stood aloof from any overt or blatant "discount" marketing. They believe that such tactics can only damage a company's reputation in the long run and play havoc with used car values, driving customers away and discouraging loyalty to the marque.

Most manufacturers continued to trim their sales networks last year so as to give the dealers that remained a better chance of profitability.

In a recent analysis, Mr Geoffrey Sheppard, of Duckhams Oils, pointed out that the 1981 accounts for the 20 largest quoted companies in the motor retail trade showed a pre-tax profit averaging only 1.1 per cent of sales and giving only a 5.9 per cent return on capital employed.

"For many motor traders, the financial performance in 1982 will have been worse. Ten of the 20 largest quoted companies lost between 25 and 50 per cent of their stock market value in 1982, or are valued below par."

Some of the major manufacturers also cut dealer margins during the past year. Austin Rover reduced them from 18½ to 17 per cent in January as part of the industry's moves to bring UK prices more into line with those on the Continent.

Talbot UK (taking in both Talbot and Peugeot marques) in one sweep cut dealer margins from 18½ to 12 per cent to make its "on the road" prices look more attractive.

Dealers could not protest too vehemently about the cuts made by the manufacturers because they had been giving away so much of their previous margins to the customers in discounts.

There are some indications the worst might be over for the motor trade. The removal of hire purchase restrictions in July boosted demand for used cars and consequently used-car values improved.

This apparently encouraged some of the fleets to trade in used cars for new ones earlier than they might otherwise have done, so new car sales picked up, too.

The SMMT forecasts the modest revival will continue in 1983 and looks for a 1.6m market.

But many in the trade agree with Volvo's Dr Maxmin that 1983 will be "as tough, or tougher, than 1982." He expects no diminution of the "tremendous over-capacity of the car manufacturers" and suggests "distress marketing in the UK will continue to get worse."

In 1983, according to Dr Maxmin, the manufacturers once again are likely to "buy" sales and cars will be sold "at prices which jeopardise dealers' and manufacturers' long-term futures."

APPOINTMENTS

New Babcock cable division

A new European cables controls division has been formed by ACCO BABCOCK INC. to consolidate under one management all the company's cable controls activities throughout the Continent. Heading the operation is a new managing director, Mr Bryan J. McGinity, formerly sales and marketing director of Mintex. He will be based at Stourport-on-Severn. Acco Babcock Inc is a division of Babcock International, Michigan, U.S.

★

Mr Tony Savage has been appointed chairman of BIX INTERNATIONAL. He was deputy group chief executive.

★

Mr K. G. Rice, who retired from Guinness Mahon, has been appointed a director of City merchant bankers, Wintrust Securities.

★

Mr L. E. Hyett has retired from the HANLEY ECONOMIC BUILDING SOCIETY. Although no longer fully involved in the day to day business of the society he will continue to serve on the board.

★

RESEARCH SURVEYS OF GREAT BRITAIN (RSGB) has acquired a majority shareholding in QED International Marketing Research Services (QED), a specialist motoring research agency with offices in the UK and Germany. Mrs Diane Treganowan of RSGB will join the board of QED, of which Mr Nigel Spackman, RSGB's managing director, is already a director. RSGB is a member of the AGB Research Group.

★

Mr Brian Manley has been appointed acting managing director of MEL following the resignation of Mr Kenneth Bacon. For the past three years Mr Manley has been managing director of Philips Business Systems and he will retain his responsibility for Philips other telecommunications and data systems activities in the UK.

★

Following the death of Mr George Webb, founder of the George Webb group of haulage and public works contractors, Mr George W. F. Webb has been appointed managing director. Mr David Webb will remain a director with responsibility for all transport operations.

★

SANYO SECURITIES has become the first Japanese securities concern to appoint a foreigner to a top executive post in one of its overseas operations. The company has chosen Mr Tony Dodge, a former deputy chairman of the James Capel group, to become chairman of the board of Sanyo International in London.

Charles Smith, Far East Editor in Tokyo, writes: Sanyo is the eighth-ranking Japanese securities company at present but has been pursuing internationalisation as means of catching up with its larger competitors. The non-Japanese professional staff of the company's head office in Tokyo was increased from three to seven early this year and will reach eight in March when a foreign bond trader joins Sanyo.

★

Mr E. D. Palmer has been appointed to the board of JAMES BURROUGH, distillers of Beefeater Gin, from February 1. He was export manager.

★

Mr Mike Stout has been appointed group financial director for the BRITISH INSPECTING ENGINEERS GROUP with direct responsibility for its companies in London, The Hague and Houston. He joined the group last year from Binder Hamlyn, its UK auditors.

★

Mr Craig Gibson has been appointed a director of THE RIO TINTO-ZINC CORP. He joined the Rio Tinto Group in 1957 as a geologist based in Johannesburg. In 1982 he returned to the UK as managing director of RTZ, Bristol holding company for certain UK and European mining and smelting interests.

★

Mr David Gilchrist has been appointed marketing director of J. R. PHILLIPS AND CO. This follows the joint reorganisation of William Grant and Sons (Standfast) and Phillips. Mr Gilchrist will be responsible for coordinating the marketing policy for the brand portfolios of both comanipes. Meanwhile Mr John Mole, UK marketing director of William Grant, and Mr Ronnie Allan, marketing monager of J. R. Phillips, will continue their present responsibilities for the two separate portfolios. The appointment takes effect from February 14 when Mr Gilchrist moves from his present post as marketing director of Showerings, where he has been since 1971.

★

METAL MARKETING CORPORATION OF ZAMBIA (Memaco) has appointed Mr M. F. Phiri and Mr D. J. E. Rhatigan as directors of UK subsidiary, Memaco Services. Mr Phiri is commercial manager of Memaco and Mr Rhatigan divisional sales manager: refined copper, Memaco Services.

THE ARTS

TV-am presenters Robert Kee, Angela Rippon, David Frost, Anna Ford and Michael Parkinson

Television/Chris Dunkley

Frost in the morning . . .

Throughout the past year during the preparations for TV-am's breakfast television launch Peter Jay, former economics editor of The Times and now chairman and chief executive of TV-am, has been telling anybody who would lend him half an ear that his quest was for the television equivalent of "an intelligent morning newspaper."

Those words and his declaration about having a "mission to explain" current events on breakfast television have entered the folklore of the industry to be listed alongside his previous catch-phrase which accused television news and current affairs programmes of having "a bias against understanding." That was coined when Jay was helping to mould *Weekend World* into one of Britain's most highly regarded current affairs series. His stated aim was to help eradicate that bias.

So those of us who watched the BBC's pre-emptive bid for the breakfast audience two weeks ago and were left somewhat awestruck by the slick expertise and the sheer technical proficiency of their show ("show" seems about the right word) but whose personal tastes were for something rather less superficial, something closer to an electronic version of a decent newspaper, had been assuming that Jay and his team would become our choice. After the events of the last few years there would be nothing novel in seeing the BBC chasing the ratings and ITV delivering a serious, though presumably not solemn programme.

But in the event what did we actually get yesterday morning? We got David Frost, sounding more than ever like a parody of himself, introducing *Good Morning Britain* with the words "The Government is reminding householders to boil water before pouring it over the head of the nearest water worker."

We got a long studio interview—probably the longest item in the entire 3½ hours—with John Cleese in his pyjamas and bare feet, being urged to wheel out desperately familiar old material: the parrot sketch from *Monty Python*, the origins of Basil Fawlty, the teacher skit, and so on.

We got Angela Rippon following up, just 20 years late, a yarn about elusive pumas roaming the English countryside. When I did the story as a picture feature for the Slough Observer in 1963 at least we had the wit to treat the thing in the spirit that it so obviously deserved, taking the local big-game hunter with us and sporting solar topees for our intrepid swing through the drizzle of Dedworth Common. *La Rippon* took it all entirely seriously, even showing us a blurred photograph of a far tabby claimed as an authentic sighting.

We got the first of what is promised as a regular series featuring a "keyhole snooper" who tries to identify some famous person by poking around his home. Though anyone who regularly watched television or read magazines would have guessed Stirling Moss's identity in a trice, the man with a funny accent snooping for *Good Morning Britain* failed.

Most embarrassing of all, we got Anna Ford, identifier of the hated "body fascism" and high minded opponent of "sexism" (she was very stern with Moss's lady for failing to put her stamp upon his house) blithely encouraging us to watch an item about nudes being photographed for a pin-up calendar. In true gutter-press fashion there was then a swift chat about whether the pictures being so neatly exploited were degrading or not.

We also got commercial breaks which seemed as infuriatingly frequent as those in the U.S.: we got three or four minutes of a soap operetta which I hope and predict will rapidly go the way of so many bright ideas on new programmes; and we got just about the number of technical hitches (Anna Ford's voice accompanied by the top of Frost's head, Parkinson labelled as Anna Ford etc) that you would expect in a brand new show, though the BBC breakfast launch was virtually faultless.

And of course there were a number of more serious items: Frost interviewed Norman Tebbit, and . . . well Frost interviewed Norman Tebbit. At intervals Robert Kee read the news headlines.

The belief so recently expressed on *Did You See* by TV-am's director of programmes, Michael Deakin, that the national papers "go to bed" at 5 or 6 pm prior to the day of publication so that breakfast television would be 12 hours ahead at the breakfast table always was a sad and bizarre delusion of course.

First editions go at about 10 pm, and finals at 2 or 4 am or even later when big news breaks late. For anything of importance television would have a two-hour slot at most in which to get a heat on the Press. To the relief of newspapermen, however, it now seems that that battle is not to be joined anyway; not with any seriousness. Those members of the public who stuck to their papers yesterday missed absolutely nothing.

What seems clear after just one edition of *Good Morning Britain* is that the BBC has dictated the choice of weapons for the breakfast duel and any mission to explain has gone by the board. Gags, "sexual chemistry," froth, showbiz, and people who are famous for being well known are to be the main ingredients in both shows. What a waste.

. . . chill over Channel Four

Channel 4 has now been broadcasting for a quarter of a year. With 96 to 97 per cent of viewers steadfastly ignoring it at any given moment is it a disaster, or is it, as chief executive Jeremy Isaacs would stoutly maintain, doing precisely what it was set up to do: supplying lots of distinctively different programmes and bang on target for his declared aim of a 10 per cent audience share within two years?

The fashionable attitude towards the channel appears to be one of perky contrariness: "It's really not as awful as everybody says. If you look carefully through the schedules and pick and choose your moments there's quite good stuff to be found."

That in itself sounds like damning with faint praise, though it could also be considered a vindication of Channel 4's declared desire to have viewers "dip in" and "dip out" for their special interests. The trouble is—one of the troubles anyway—that an awful lot of people just won't look carefully through the schedules.

On the contrary, many people I know have already taken to excluding Channel 4 from their considerations, falling back thankfully on the familiar three choices of BBC1, BBC2 and ITV. Unfortunately for the new channel many viewers seem to find choosing from four rather than three not just a little more difficult but horribly confusing. Any excuse is good enough to exclude one channel from the selection process and unhappily Channel 4 offers far too many excuses.

First, that "dip in, dip out" policy might be all very well if the competition was kind enough to co-operate. But the three older channels are intent upon precisely the opposite: grabbing the viewers early in the evening and making jolly sure that they don't "dip-out." It is not by chance that BBC1 runs three popular American programmes bang in front of *Panorama*. There is nothing arbitrary about the placing of *This Is Your Life* at seven o'clock in tonight's ITV schedule: seven is switch-on time in lots of homes and *This Is Your Life* is one of the most sure-fire audience pullers in the history of television. The hope and the intention is that once you have dipped in to ITV at 7.00 you stay dipped.

Channel 4's decision (despite all the advice to the contrary so freely offered here) to chain the iron ball of a serious one-hour news programme to its own leg at seven o'clock every week night has proved, sure enough, to be another major excuse for not turning on. It seems only fair to point out that the "zero rating" for which *Channel Four News* has become famous actually means that their audience is slightly larger than the FT's circulation if not quite as big as our readership. The fact remains that unlike the FT *Channel Four News* is supposed to be of wide general interest and is freely available every night in something like 90 per cent of British homes yet in their tens of millions viewers take care to switch elsewhere.

Another of C4's difficulties is that they have been launched at precisely the time when several other factors — video recorders, home computers, TV games and even, by a knock-on effect, breakfast television — are fragmenting the audience.

Despite all that I have little doubt that the fourth channel could win 10 per cent of the audience, provided the staff did not feel that going into the marketplace and adopting the manipulative scheduling techniques of their competitors was rather beneath their dignity. It would mean virtual abandonment of the "dip in, dip out" policy, and Isaacs and his staff would probably argue that anyway C4 was created not to look the same as everyone else but to look different: not to fight for ratings but to supply alternatives and cater for minorities.

The crucial question is: how big is a minority? The danger (and one which is greatly magnified by the IPA/Equity dispute with the consequent dearth of advertising income from C4 to the ITV companies) is that if the minority audiences don't grow pretty quickly, and six to seven per cent would seem a minimum figure for safety, the ITV companies who pay for Channel 4 with "subscriptions" — as large as £21.6m this year in the case of Thames TV — will bring all their weight to bear to ensure more popular appeal.

It is no great step from there to transforming C4 into the ITV 2 which so many of them wanted in the first place and anybody who imagines that the good intentions of the Independent Broadcasting Authority and Mr Isaacs will somehow foil such a dastardly act is reckoning without the dramatic change now occurring in the size of the Treasury Levy. That is the special ITV tax paid on profits which poured £57m into the Exchequer in 1982 but which is rapidly shrinking, probably to below £10m in the current year, as ITV profits disappear thanks to Channel 4.

But could the new channel win a 10 per cent audience share and avoid transformation to ITV2 simply by reorganising its existing material into a more competitive schedule? I doubt it. There are undeniably attractive programmes and well-made programmes on Channel 4: *Enterprise, Rigoletto, I Love Lucy, Old Country, Upstairs Downstairs, The Avengers* and *The Spanish Civil War* are all excellent examples within their respective fields. However three are repeats, five were previously carried by ITV (*Old Country* as *Out Of Town*, just as wonderful under its new title) and obviously *Rigoletto* and *The Spanish Civil War* would have been accommodated on ITV in the days before C4.

However I can find only five regular series and one strand which achieve the standards of professionalism expected from nationally networked television in Britain and which could honestly be claimed as innovations that might never have existed without C4: *Tom Keating On Painting, Voices, A Week In Politics, The Friday Alternative, Well Being* and David Rose's "fiction," though this last component looks less impressive now than in the channel's opening month.

That may sound like quite an impressive lot of programmes, but when you are transmitting 10 or 12 every night, 70 or 80 a week, it is not enough to have five impressive series or even 10. Among the remaining 65-odd weekly productions, we seem to be expected far too often to accept dedication as a substitute for both professionalism and talent. Passionate involvement — whether in feminism, pop music or basketball — does not of itself ensure good programmes. As for the channel's extraordinary obsession with race relations and its avowed policy of "separate development" (so familiar to the South Africans) it is clearly more a part of the problem than of the answer.

Of course it is very soon after the launch to be forming general judgments on something as complicated as a whole television channel. With its brand new system of "commissioning editors" and 99 per cent bought-in productions C4 was entitled to expect more time to settle down. No doubt they are only just starting to discover which of their suppliers can be relied on to provide professional programmes; which need extra help and guidance; and which need outright interference to stop them being silly.

Unfortunately events have conspired in such a way that there may now be much less time than Isaacs and his staff deserve: if ratings and advertising income continue at their present levels we may never get a chance to see what Channel 4 would have looked like in full sail.

You Should See Us Now/Greenwich

Michael Coveney

One of the things you always notice about Alan Ayckbourn plays is the absence of children. You notice this too about Peter Tinniswood's new piece (which began life at Ayckbourn's Scarborough base) but the cast notice it even more. So much so that half way through the first act, the absent kids are allowed for and even spoken to.

When Julia and Crispin first "appear," my reaction was, oh dear, this is carrying eccentric conceit too far. The play opens with two middle-aged men entangled with imaginary objects. Ernest is driving "a bus." Graham is turned inside out by "s darting cat." Ernest and his wife Pamela, both childless, have arrived to assist at a kids' party. Graham's ex-wife Sheila, and her mother, also arrive for the same purpose: "Julia and Crispin" belong to, or at leest were produced by, Graham and Sheila.

Before long we are playing cricket on the lawn with "a bell." Graham pines for his last, and most beloved, girlfriend "Kate." Kate has walked out on Graham, but has left her perfume trailing through the sun-flowers and delphiniums of Bernard Culshaw's very pleasant setting of four suburban rooms (on a revolve) and green ontfield.

Kate, or "Kate," is the comedy's hinge. We know she exists, because, according to the programme at least, Francesca Gonshaw (very pretty, too) is playing her. Then suddenly all becomes clear and Graham and Sheila are discovered larking about as Crispin and Julia under the sheets. We hear their view of the adults. And from then on the play charts, inventively and delightfully, the reciprocal process and binds the whole shindig into an entertaining essay on regression. The child is father of the child. "Somewhere Over the Rainbow" is ousted on the soundtrack by "The Teddy Bear's Picnic" and "When You Wish Upon a Star."

The performances brilliantly sustain this transformation. Simon Cadell's pipe-sucking Ernest becomes a short-trousered demon at the crease, slapping his left hand on his thigh before unleashing the still born "ball" with his right (earlier on, he and Christopher Cazenove's equally enchanting Graham have established blood brother relations in memory of Bob Appleyard). Delia Lindsay and Joanna van Gyseghem (long time no see) also enter the spirit with sharply defined parallel studies of junior and senior sexual status. And the late party arrival of the beautiful "Katie" wraps it all up very neatly.

As a slight play on a serious, and seriously treated theme, Mr Tinniswood's work is admirably served by John Adams's production. I shall long treasure the sight of a suburban marriage staked out on the nursery floor between Mr Cadell and Miss Lindsay — *sexless, fumbling and bristling with good manners.* Also the vision of Mr Cadell repeating his hilarious trick of falling off a chair, limbs stiff and jaw agape, in exchange for a tiny favour of affection. Mr Tinniswood used the idea of an absentee character in a previous stage play (*Wilfred*) but I think that was only a dog. He carries the notion through here with some virtuosity and triumphant rewsrds.

Alastair Muir

Christopher Cazenove and Francesca Gonshaw

Lontano/Bloomsbury Theatre

Andrew Clements

The New Macnaghten *Concerts are concentrating* their efforts this year on a season at the Bloomsbury Theatre devoted to music theatre. It began on Monday with a programme by Lontano; other events will include the vocal group Vocem, the exponent of extended vocal technique Carles Santos, and the dancer Maedee Dupres. It was unfortunate however, that the two pieces in the first half of Lontano's concert contained no element of theatre at ell; Ian Horsbrugh's introduction to the festival claimed that ell the compositions included "contain a strong element of the visual," hut that was invisible here.

James Dillon's *A Roaring Flame* for voice and double bass was receiving its premiere. It is a ten-minute invocation to love huilt around Gaelic and Provençal texts, a highly melismatic vocal line above a bass part of extreme and often tendentious virtuosity. There are some moments of crisply imagined textures but the combination of voice and instrument (the mezzo-soprano Linda Hirst and bassist Kevin Rundell here) does not generate the tension, the beat, that Dillon suggests in his note.

In its perfectly calculated sonorities, Vic Hoyland's *Andacht zum Kleinen* was the exact antidote to Dillon's approximations. It was commissioned by Lontano two years ago, and amply merited the repeat performance here. More than in any of Hoylend's music I have heard so far the content and the structure are fused; it is also extremely beautiful. Essentielly there is a series of short, self-contained miniatures, some of them positively aphoristic, veering between pungent aggression and sweet, soft textures. At one moment the music comes to rest on a lulling, flute solo before moving off again into its contrasts of sweet and sour. The idiom is far more personal than in even the later string quartet by Hoyland; the writing remains as tightly controlled as ever.

The musico-theatrical point of the evening was a staging of Berio's *Recital I*, with Linda Hirst as the ageing diva. The work was written for Cathy Berberian, and her version at a Round House Prom some years ago was far more austere than this production devised by Delia Lindon. The stage business was more detailed, more contrived, the jokes and the musical substance dangerously thin. By the time he came to write *Recital* Berio had surely reached the end of the furrow es far as his mixture of Beckettian evocation and stylistic mélange were concerned. The quotations still bring e smile to a listener, as much for his or her owo cleverness in recognising them as for any more genuinely witty reason. But few music-theatre pieces have aged as swiftly, though Miss Hirst and her deadpan accompanist Harold Lester worked hard and intelligently at extracting what life there still was.

Rickie Lee Jones/Hammersmith Odeon

Antony Thorncroft

Rickie Lee Jones is an identikit American girl singer songwriter. A hint of Joni Mitchell in the appearance; a pinch of Melanie in the grown-up hippydom, she flits from piano to guitar, from country rock to Frank Sinatra standards, like a frisky lamb. In black bustled dress and broad-brimmed trilby Rickie Lee looks like a character, and backed by the usual competent American band she entertains well enough, hut when she rather abruptly left the stage after little more than an hour there was littla sense of achievement. Har personality remained elusive; har appeal disorganised.

But when she settled she was very good indeed, especially some haunting solo work at tha piano on "My Funny Valentine" and "Walk away Renée." Even here her searching after effect distorted the lyrics, and the atmosphere she created was soon dispelled as she rocked the band into an eclectic trip around American root music. She seems to be putting her old street funk behind here, playing "Chuck E's In Love" rather mournfully and leaving out "Easy Money."

This elusive artist, whose output is not prolific, is moving towards jazz funk, towards lending her voice as an instrument to tight, appealing, combo. When she finally arrives at more sophisticated music, kicking the rambling dirt from her feet, she would be a great attraction in a smallish club. At the moment she glitters fitfully.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 28 – February 3

Theatre

LONDON

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Noises Off (Savoy): Michael Frayn's backstage comedy is still the funniest play in London, owing small debts to Rattigan's Harlequinade and Pirandello's Six Characters. Brilliantly directed by Michael Blakemore. (836 8888).

Trafford Tanzi (Mermaid): Exuberant play that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (236 5568).

VIENNA

Vienna's English Theatre (431 260): Arsenic And Old Lace (Daily except Sun).

Theater an der Wien (579 632): Anatevka (Daily except Mon)

NEW YORK

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi *sisters* boils down to a sitcom sensibility full of gags, good acting and frequent phone interruptions. (246 6740)

Present Laughter (Circle in the Square): George C. Scott proves that with the right wardrobe of dressing gowns, he can capture the essence of impresario Garry *Essendine*, including directing an excellent supporting cast. (581 0720)

Geniuses (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting *the end of a seasonal* typhoon. (432 W. 42nd). (279 4200)

Nine (46th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of *Tommy Tune's exciting* scenes. (246 0246)

Good (Booth): How Halder became a Nazi, in this London import starring Alan Howard and directed by Howard Davies, is eloquent, stylish in set and overlapping scenes, but ultimately convincing for the rather undramatic and prosaic reason that Halder was sought after and treated well. No moral tale there. (239 6200)

Plenty (Plymouth): Moving on to Broadway from its Public Theatre opening, Kate Nelligan stars again in the New York production of the play written and directed by David Hare about Europe's transition from war to peace over the last generation. (239 6200)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

WASHINGTON

Toyer (Eisenhower, Kennedy Center): Tony Richardson directs Kathleen Turner and Brad Davis in Gardner McKay's new tense and twisted murder mystery set on a California tennis court (254 3670)

Show Boat (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

The Imaginary Invalid (Kreeger): The Arena Stage does its own production of the Molière masterpiece. (488 3300)

CHICAGO

The Comedy of Errors (Goodman): With Adriana played by world champion baton *twirler* Sophie Schwab and Luciana by Gina Leishman who has mastered seven musical instruments, this Shakespeare could be nothing but a circus, especially surrounded by the Flying Karamazov Brothers and street musicians and jugglers from across America in Robert Woodruff's lively production. (443 3800)

Duet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing debility stars Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

Shear Madness (Mayfair at the Blackstone Hotel): Bruce Jordan and *Marilyn Abrams recreating* the roles they originated in the hit run of this comedy mystery in Boston and Philadelphia. (266 0252)

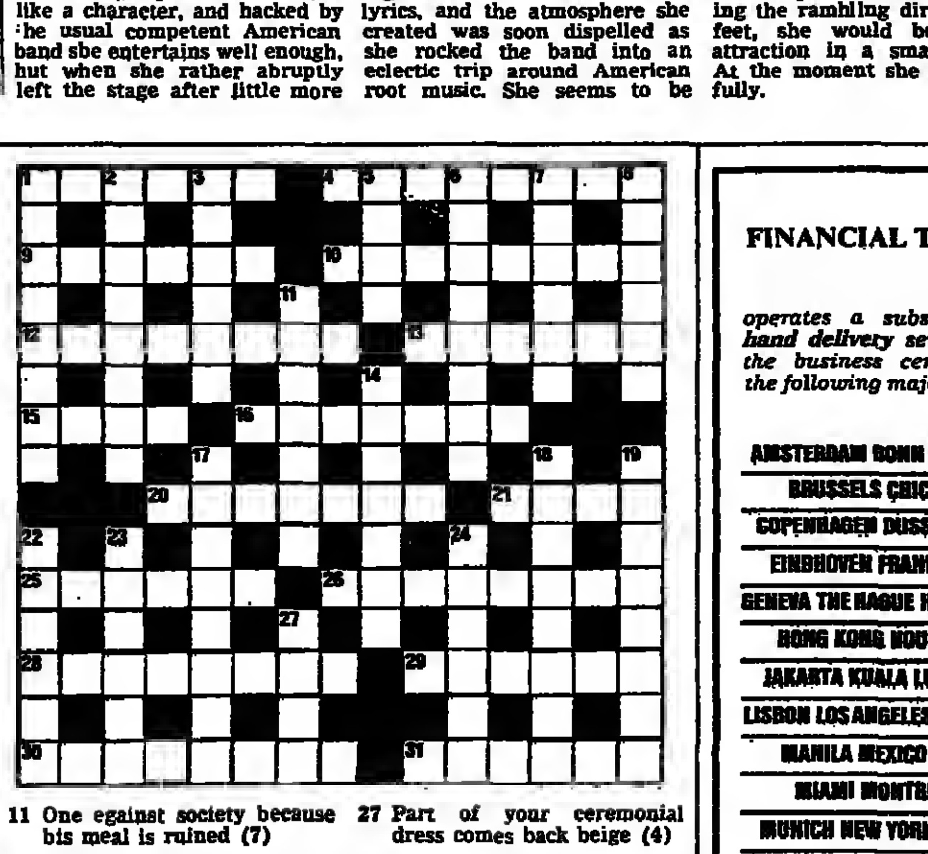
F.T. CROSSWORD PUZZLE No. 5,087

ACROSS

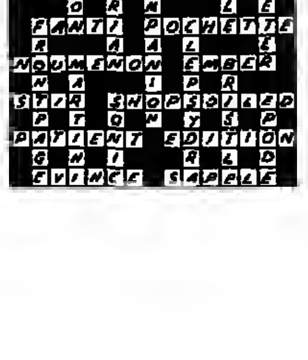
1 Account about Nelson say (6)
4 Find record is finished (8)
9 Channel providing view of horses? (6)
10 Nobly born Liberal (8)
12 He doesn't think much of himself (8)
13 Levantine without leader gets behind (6)
15 She is wonderful (4)
16 Rival hird dead (7)
20 Novel reveals many (7)
21 Some like picture hats as headgeer (4)
25 Half drop I swallowed to induce sleep (6)
26 Building material as in window frsme (8)
28 Worker has choice—to select one hy one (4-4)
29 1984 for example may be tense (6)
30 Explain counters' assortment (8)
31 Look old chap, there'a a belvedere (6)

DOWN

1 Reckon backward isle could be of value (8)
2 In favour of fashion for a front portico (8)
3 Chaff not in this dish (6)
5 The Times perhaps eut piece of news (4)
6 Greek islsnd accepts no such oily liquid (8)
7 The —— of his native land (Tennyson) (6)
8 Object to being posted again? (6)
11 One egainst society because bis meal is ruined (7)
14 Such as Whitaker's shows battle can arise (7)
17 Skin irritation caused by son talking (8)
18 He has gambla due maybe to stupidity (8)
19 Not much zest for former Cambridge exam (6-2)
22 Obtained here in Roman style of architecture (6)
23 Supporter outside pub with smoked baddock (6)
24 Man goes to Havana possibly to see Priam's wife (6)
27 Part of your ceremonial dress comes back beige (4)



Solution to Puzzle No. 5,086



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4, Telex: 8954871
Telephone: 01-248 8000

Wednesday February 2 1983

Realities of Hong Kong

NEGOTIATIONS over the future of Hong Kong between Britain and China have now been under way for about four months. The Chinese have signalled what they may have in mind for the territory in the future. But the signals have been confused and sometimes contradictory.

Stripped of its rhetoric, the message is that they intend to recover full sovereignty over the whole of Hong Kong in 1997, when the lease with Britain for most of the territory runs out. What Peking wants to do after that is far from clear.

Part of the problem is that China's decision-makers move at a snail's pace. Another is that Deng Xiaoping, the country's paramount leader, cannot be seen to compromise what is regarded in China as a "sacred mission" for fear of undermining his own position. He may, at the back of his mind, have a solution to the conundrum of seizing sovereignty and preserving confidence in the colony but, for the moment, he is keeping it very much to himself. So the line remains: "Hong Kong belongs to China and the British flag must go."

Humiliating

Britain has remained conspicuously silent about the talks with the exception of Mrs Margaret Thatcher's remarks in Hong Kong last September, shortly after her visit to Peking. She said then that a treaty is a treaty and should be honoured and that Britain had a moral responsibility towards the people of Hong Kong.

The Chinese reject the 19th century treaties which gave Hong Kong island—the territory's commercial heart — to Britain in perpetuity. The Hong Kong treaties were concluded at an especially humiliating time for China. Not surprisingly the British Prime Minister's statement gave offence in Peking.

Hong Kong is living on its nerves. The markets have been up and down, the currency has fluctuated wildly and the territory's brash self-confidence has been damaged. It is important that the realities of the situation should be faced by both the British and Chinese governments and by the inhabitants of the colony. The people of Hong Kong cannot plan their future on the basis of false hopes, nor should they succumb to unnecessary pessimism.

The first point to grasp is that China holds most of the aces. It is up to Peking to decide what it wants, carefully weighing its desire for sovereignty against the risk of triggering a massive flight of capital, and to act accordingly. The onus and therefore the responsibility for preserving confidence in the territory's future — especially financial confidence — lies squarely with Peking.

The second is that Britain must come to terms with the reality that Hong Kong is essentially Chinese and that the apparent wish of most of its citizens to maintain the status quo does not necessarily imply a desire to perpetuate colonialism. Having given birth to this remarkably vigorous offspring Britain will have to let go sometime.

The people of Hong Kong are, of course, the heart of the issue. Sir Edward Youde, the territory's governor, is to join the talks with Peking. Hong Kong's Executive Council, its senior decision-making body, is to be allowed to make its views known. That is a step in the right direction, but it does not go far enough.

China and Britain must recognise that, sovereignty apart, what is at stake is the need to reassure the people of Hong Kong that their future, their enterprise and their capital is and will remain secure.

Consultation

This means giving them a much greater say in their future. Peking should understand that occasionally consulting what it calls "circles" in Hong Kong—a mixture of communist sympathisers and successful businessmen — is not enough because, in all probability, the Chinese leadership is only being told what it wants to hear. Britain, on the other hand, should find a way of broadening and encouraging the process of consultation without raising fears in Peking of incipient secession.

Hong Kong is a very special and highly successful community created by the enterprise and hard work of the people who live there. Peking needs a deeper understanding of the ingredients which underlie Hong Kong's success and for this purpose the fullest possible consultation with the people of Hong Kong is essential.

Still missing the fairway

THE GOVERNMENT yesterday published its first estimate of the contribution of public spending to the already-announced undershoot of public sector borrowing, in which lies our main hope of a "generous" budget on March 15. The outturn is now thought to be about £1.5bn less than the plan announced with the 1982 Budget. The cash plan for next year—the one which affects the Chancellor's sums—has therefore been trimmed by £1bn from its previous level.

This is the first time for very many years that a government has been able to announce that public expenditure is below budget and Mr Leon Brittan, whose task it is to say "No" to spending ministers, is naturally pleased.

However, his claim that the figures show that public spending is now under firm control can only be supported in the most general sense; control is much improved, but still sketchy in many respects. The first point to be made is that the underspend is only a matter of accounting convention.

Helpful

Last year the Government made an over-generous provision for contingencies, and omitted the usual allowance for a shortfall in spending on some programmes; too much money was therefore provided for the plans actually made. The Government did not overspend its planned budget by as much as it expected—which is helpful to the Chancellor, but not quite the same as an actual cut.

For 1983/84 the contingency reserve has been trimmed, and the shortfall allowance restored: in other words the target is much the same, but the Government is more hopeful about hitting it.

This is still helpful and creditable, but it does seem to be partly a matter of luck: a number of individual programmes are badly off target, in both directions. Local authority capital spending was far too low—a matter which rightly worries the Government. A new control system, reinforced with letters from Downing Street, has been deployed to ensure that the planned resources for housing and roads are actually used.

Indeed, it was only the fact that local authorities overspent what are now admitted to have been unrealistically low current budgets, coupled with the cost of an unplanned war in the Falklands, which pulled the total back towards its planned level. The programmes apart from defence and local authority current spending fell short by more than £3bn of the sum provided. This is not altogether helpful in a deep recession, and is not "control." Mr Brittan has cured his slice, but now tends to hook instead.

It is difficult for an outsider—or even a coaching committee in the House of Commons—to advise the Chief Secretary on how he should alter his stance, for the presentation of the spending budget, though better than last year, remains unhelpful. There is a mass of detailed information, but it is not presented in a meaningful way.

Automatic

It is true that in one single table, departmental programmes are presented in cost terms—cash sums deflated by the estimated GDP deflator. However, this takes us little further, since the inflation estimate is already out of date, there is no distinction in these terms between capital and current spending, and no information whatever about relative prices.

The theory of cash planning seems to be that such questions are answered automatically: a fixed cash allocation buys more where relative prices are favourable and less where they are not. This is equivalent in Mrs Thatcher's favourite household terms, to planning a shopping list by fixing a cash allocation many months ahead for each item on the list and taking no notice of prices. The housewife, by contrast, tries to divert her spending towards the best available bargains.

However, the gravest omission from a policy point of view is the absence of any notion of opportunity cost—that is to say, the impact of one part of the budget on another, as when saving on manpower involves higher social spending. A comparison of the net costs of alternative programmes, reflecting both relative prices and consequential spending, would be the basis for a truly rational control system; we have progressed in some respects, but there is still far to go.

WORLD COMMODITY UPTURN

The speculators set the pace

By John Edwards, Commodities Editor

THIS YEAR has certainly started on a buoyant note for the commodity markets. Gold has led a general upsurge in precious and base metal prices, notably copper. A sharp rise in cocoa and coffee, plus a generally firmer trend in other commodities, helped push the Financial Times Commodities Index this week to a 15-month peak of 256.73 (1951=100).

Much of the increase in London commodity prices can simply be attributed to the declining value of sterling against the dollar and other currencies. But the main upward thrust in the metal markets has come in New York where dollar prices have also surged higher.

Is this the start of the long-awaited metals price explosion? Or is it just another temporary flash-in-the-pan?

Sorting out the reasons for the sudden surge in prices is more difficult than usual because views vary enormously. There is general agreement that the buying interest is almost entirely speculatively based. There are also hopes of a recovery in demand during the second half of the year following the cut in U.S. interest rates, the boom on Wall Street and the expected decline in oil prices. But so far there is little sign of any sustained consumer buying.

Indeed in the case of copper, which has spearheaded the rise in base metals, stocks held in the London Metal Exchange warehouses have risen steadily for the past 17 weeks. They have now reached the highest total for nearly four years at 279,500 tonnes.

Normally an increase in stocks of this magnitude would mean lower prices. Instead, with the help of sterling, prices have surged higher and higher.

Free market platinum and silver prices have also soared, in spite of the fact that ample supplies are available for industry.

Evidently other forces, apart from supply-demand fundamentals, are at work. Much has been heard in recent years of a new breed of speculators in commodities, which are increasingly viewed as an alternative investment to shares, fixed interest stock or property. The development of the financial futures markets by the commodity exchanges has introduced a whole new band of investors to the profit opportunities that are also available in raw materials. Money, after all, is now being treated as just another commodity.

At the same time the flow of speculative money coming into the commodity markets has dramatically increased in recent years. Huge funds which pool the resources of many small speculators are now a powerful market influence.

One such fund, launched by E. F. Hutton in the U.S. recently, attracted $50m alone, which will be used to speculate in the whole range of the futures markets, from interest rates to gold, soyabeans, copper and coffee.

Altogether the known public commodity funds are estimated to have some $500m at their disposal in the U.S. alone, but these are just the tip of the iceberg when taking into account all the other private investment funds operating in the markets.

The buying power of the funds is further magnified by the fact that only a margin, around 10 per cent of the total investment, is required to deal in the futures markets.

Most of the funds, and a great many private speculators too, use computer systems to guide their actions. The computer dictates when to buy and when to sell, normally relying on charts of past price movements to highlight a new trend.

The computer—and the speculator—are not interested in underlying supply-demand developments, just the trend. There is so much money pouring in from these sources that the chart forecasts are often self-fulfilling in establishing new trends.

However, at present no one is arguing the case for gold on supply-demand fundamentals. It is being bought for totally different reasons. These include the fear of a banking crisis which could cause the whole financial system to collapse and apprehension about a possible resurgence in U.S. inflation in the wake of President Reagan's failure to grapple effectively with huge budget deficits.

Dealers have provided an additional boost for platinum and silver, arguing that their traditional price "ratios" with gold moved well out of line in the autumn. That was the time when gold prices advanced strongly, leaving the industrial-based precious metals far behind.

The "ratio" between gold, platinum and silver prices is difficult to justify since they are hardly substitutable and the differences appear to rely mainly on the mood of the markets. Nevertheless it is a powerful influence. Platinum prices are now less than $20 below gold, compared with $80 in October.

Support for copper has been supplemented by the argument that prices have been well below the cost of production (in the U.S. at least) so values must rise soon. In addition there is the threat of a possible strike by U.S. copper workers when their three-year labour contracts expire this summer.

Encouraged by the boom in Wall Street, which is reckoned to be normally six months ahead of commodity price movements, the feeling is that the likely recovery in industrial activity during the second half of 1983 will put pressure on supplies and prices of raw materials at the same time. Taking this scenario further, "super bulls" in New York see a much more rapid recovery in the American economy than generally expected, leading to temporary shortages of metals and other raw materials.

In metals, particularly, savage production cuts by leading producers, mainly in North America, have in many cases helped bring output back into line with the present low level of demand. So if consumption does recover, there could well be a temporary shortage of raw materials until prices rise high enough to tempt producers to restore the cutbacks.

In certain cases this could be done quite quickly, but some production has been lost for a much longer period as a result of mine closures and other factors.

The fact is that the prices of many commodities besides copper have been depressed for so long by the recession that they are way below the cost of production. There would have to be a sizeable and sustained price rise before confidence is restored and producers encouraged to expand output again. Nevertheless, "spare" production capacity taken out of commission, could be restored relatively quickly given the right financial incentive.

There have certainly been huge cuts in output by profit-conscious producers in North America, but developing countries more concerned with foreign currency earnings have stepped up supplies instead.

At the same time permanent, structural, changes in demand for metals as a result of technological developments have caught producers by surprise. The annual growth rate for many metals has been sharply revised downwards in recent years, coinciding with the decline in the steel industry, the miniaturisation of metal-using products and substitution by alternative materials.

The rise in gold, and the decline in sterling, have also played an important part in raising "soft" (non-metal) commodity prices in London. But in the case of the two high flyers, cocoa and coffee, more normal supply-demand factors have been at work.

Cocoa prices were forced down well below cost of production levels by a build-up of surplus stocks, resulting from production outstripping consumption for six consecutive years. This season, for the first time since 1975-76, it appears virtually certain that consumption will exceed output following crop shortfalls in Ivory Coast, Brazil and Ghana.

A prolonged dry spell in Bahia, the main cocoa growing region of Brazil, means that the deficit in production may be much greater than projected, so prices have moved up from the previous depressed levels, once again aided by speculators seeing a good opportunity.

Coffee is a slightly different story. Apart from sterling, London prices have come under extra pressure as a result of a shortfall in supplies of the robusta variety on which the London futures contract is based. When the International Coffee Agreement, between leading exporting and importing countries, was renegotiated last September robusta producers—mainly in Africa—fared none too well in the battle for export quotas used to control supplies available to the world market. In consequence the export quotas have hit buyers of robusta coffee particularly hard, especially for immediate delivery, thus creating an artificial shortage.

A quick glance at the London coffee futures market illustrates the situation clearly: prices for delivery in March and May are at a considerable premium to the more distant delivery months.

The impact of the International Agreement is further demonstrated by the fact that coffee prices in countries who are not members of the pact are some 50 per cent below those in member countries. How long this situation can last remains to be seen, but there is unlikely to be any steep fall in prices until the threat of possible frost in Brazil during the danger period in July is passed.

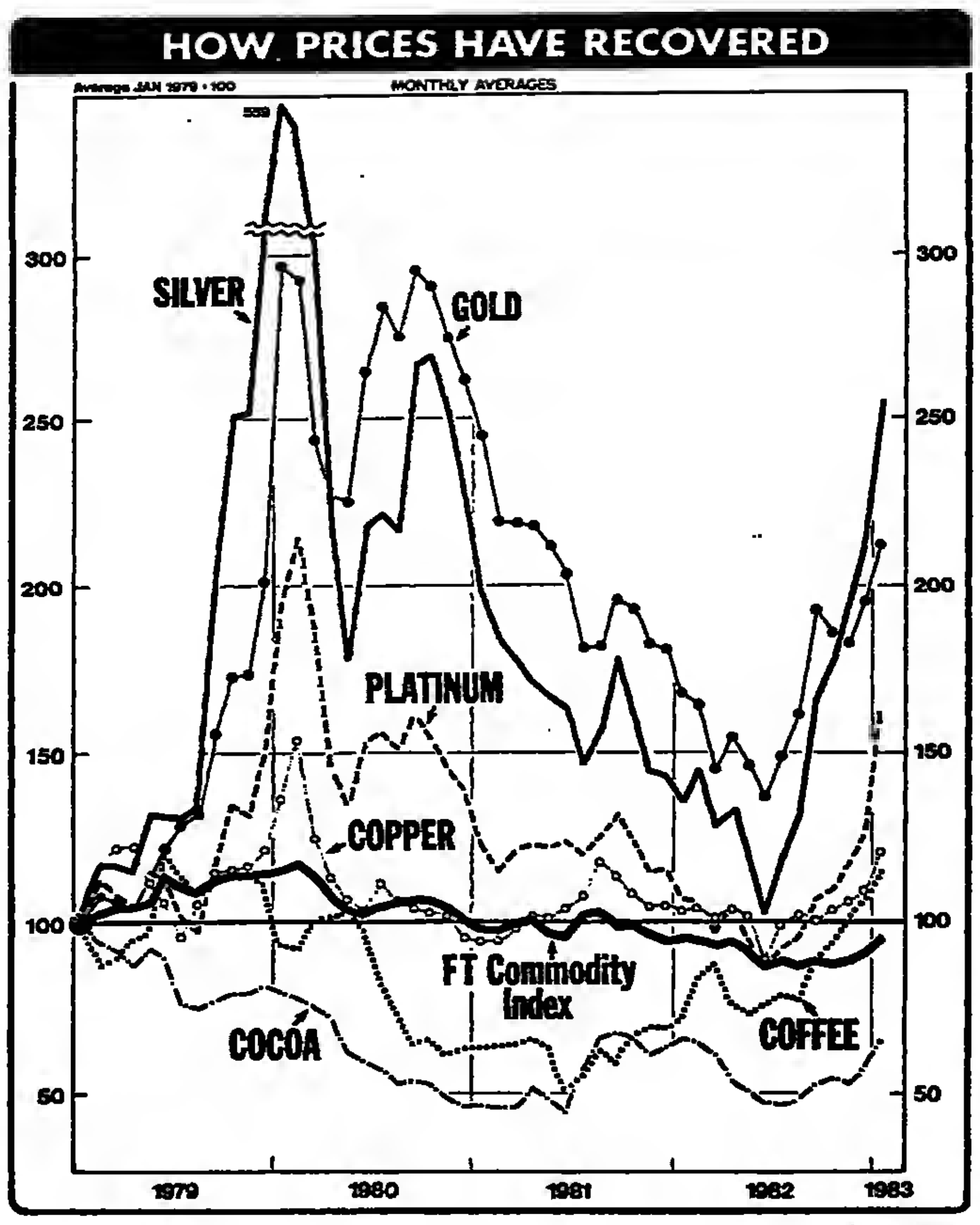
Among other commodities the belief that the worst of the recession is over, and an economic recovery is on its way, is tempered by the massive stocks that have been built up over recent years because of poor demand and bumper crops. The payment in kind programme, introduced by the Reagan Administration, to encourage a cut in U.S. grain production has already improved market sentiment but the Americans are becoming increasingly price competitive in seeking to dispose of huge surplus stocks.

World sugar supplies are also likely to remain a depressing influence throughout 1983, unless a viable new International Sugar Agreement, including the EEC, can be negotiated. Industrial materials, like natural rubber, cotton and wool, are waiting for a recovery in demand, which in the case of rubber could bring a big surge in prices since large stocks are being held off the market by the International Natural Rubber Agreement buffer stock.

Yet they do not have the speculative appeal of the metals and commodities with futures markets on both sides of the Atlantic. In the present climate of hope, and uncertainty, it is the speculators who are calling the tune. To continue favouring commodities, they want good price movements, preferably upwards, to justify investing money in something which yields no dividends or interest.

In normal circumstances, a lack of consumer follow-up buying interest would cause speculators to get out and take their profits. But in the changing world of the futures markets, it is political and economic developments that have the greatest influence over speculative decisions.

If uncertainty remains, threatening the value of the dollar, the flight from money into the futures markets could well bring the rise in commodity prices that raw material producers have been waiting for for so long.



Bob Hutchison

Men & Matters

Party line

British Telecom's elegant deputy chairman Peter Benton would like to turn to a career in politics when he leaves BT at the end of next month.

It is 20 years since his first and only foray into the field: an unsuccessful bid for a local council seat in Hertfordshire.

But the ambition has apparently waxed, especially, in the five years since Sir William Barlow took him into the Post Office as managing director, telecommunications. Benton says: "I have seen quite a lot of the House of Commons, MPs and how they work, and I have been very impressed."

He would be very happy, he says suavely, to have the privilege of joining the Westminster club as a Conservative.

Competition for Conservative seats is hotter than usual at the moment. An Benton has been given no promises.

But at 48, he does have a useful track-record to put before any local selection committee—or to offer in the part-time directorships that will surely come his way.

Unilever, Shell, McKinsey and Co (for whom he worked with British Gas on North Sea marketing policy), and Gallaher, as a member of the group board and chairman of its two major engineering subsidiaries.

Benton has also gained more experience of the complex, and often murky, relationships between Government and industry as a member of the CBI's economic and financial committee.

Having seen through the rapid changes at BT which, he says, now provide a firm basis for its future prosperity, Benton is ready for a change himself.

"I am more interested in achieving than presiding," he says. Though he will continue to fill the latter function for the Highgate Scientific and Literary Institute.


"Listen buster — everything in the U.S. is the biggest and that includes tha Budget deficit, OK?"

. . . More flags

On a day when gales have brought havoc throughout Britain, one company is repeating the old axiom about "its an ill wind . . ."

Porter Brothers of Liverpool is pleased because high winds simultaneously show off and wreck the company's main product—flags.

Even the best flags will only last about three weeks if exposed to continuous gales like those buffeting Britain this week. One result for Michael Porter, one of the directors, will be brisk and immediate business from the local Merseyside Development Corporation, which is staging an International Garden Festival on an old Liverpool docks site next year.

When a new country decides to join in the forthcoming festival its flag is raised over the site in a special ceremony —to stay there flying until the end of 1984.

The flags of Belgium, Portugal, West Germany, Canada, and Italy have already been whipped to tatters by northerly gales and replaced at short notice.

Porter says the damage done by wind whips is a constant problem, even though it does bring in repeat business. His firm puts a thick hem on each flag, and a line of extra stitching. He scorns my recommended alternative of a strip of tulle to prevent fraying as he says it looks unsightly and is costly.

On the topic of putting out more flags, spare a thought for the opportunities posed by the Queen's Awards for Exports. Whenever new awards are announced Porter gets a rush of orders for new company flags incorporating the award logo.

Mirror image

While we on the FT are showing a fraternal interest in the arrival on our European doorstep of our distinguished contemporary, the Wall Street Journal, a more bitter circulation struggle is shaping up in Scotland.

The Daily Mirror, flagship of the International Publishing Corporation (owned by Reed), is improving its Scottish coverage to make inroads into the daily circulation of the Sun newspaper in Scotland.

But the Mirror's new arrival north of the border has caused shock waves in the office of the Scottish Daily Record which, with a circulation of 740,000, claims to have a reader in every second Scot. The delicate point that must be made is that the Record is also a member of the IPC/Reed stable.

Three Mirror journalists backed by two executives and two photographers have recently set up camp in the Glasgow Holiday Inn. Working out of the Daily Record offices—such cheek—they intend to improve the Mirror's 21,000 circulation in Scotland.

Record men say they understand the Mirror's plans for a Scottish campaign starting appropriately on St Valentine's day, February 14. But they feel that the Record is bound to be the paper to suffer.

Meanwhile, the Sun, with a circulation in Scotland comfortably above 200,000 copies a day, reports no headway in its protracted negotiations to get its Glasgow printing works into operation. Unions there have refused to accept facsimile transmissions of the Sun from London.

Slippery slopes

The decorous proceedings of the European Management Forum among the ski-slopes of Davos yesterday turned into a slightly unsteady and nervous display.

Capitalism in the shape of the Forum's 500 company chairman and chief executives came face to face with Socialism in the shape of Arthur Scargill, British miners' leader, and Petra Kelley, of West Germany's "Green" ecology party.

Scargill, with flashes of humour, and Kelly, ultra-serious and shrill, gave virtuoso performances, unsettling their audience with explanations of why today's Western economic system was leading to the disintegration of society and should be replaced by some form of socialist system.

At best, the audience responded with what Scargill afterwards rightly dubbed as "some rather naive questioning" — about his view of the Polish Government's treatment of miners, for instance.

At worst, some Germans — objecting to the invitation to Kelly to attend the symposium in the first place — reacted by spattering her with insults and expressions of male chauvinism.

Kelly retorted that women, apart from doing the housework, looking after the children and often holding down a job, also had to "regenerate" their menfolk to make them fit enough to survive in the world of work.

At that, even such a hostile and male-dominated audience could not forbear to cheer.

Observer

JOBS AND THE FUTURE

London's painful contraction

By Alan Pike, Industrial Correspondent

THERE MAY still be places in the South of England with tiny unemployment rates which have been largely unaffected by the recession. But in London the story is different. The continuing erosion of the capital's industrial and employment base is now causing serious concern.

Taken overall, Greater London's unemployment problem—9.3 per cent or 343,800 people on the Department of Employment's new basis of calculation—is below the national average of 13.3 per cent. But these broad figures conceal as much as they reveal. For example:

● Seasonally adjusted unemployment rates—the best guide to the adult jobless—are rising more rapidly in London than in the UK as a whole.

● Many inner London boroughs such as Hackney, Tower Hamlets, Islington and Lambeth—each with a population the size of a substantial provincial town—have far worse unemployment problems than London as a whole. Male unemployment in the old dockland industrial areas of the East End, for instance, has topped 30 per cent.

● From the early 1960s to the mid-1970s manufacturing employment in London declined at about three times the national rate. The bulk of more recent job losses has also been in manufacturing but the service sector also shows a downward trend. Yesterday Esso became the latest company to indicate that it may be considering a move out of London.

Institutional attempts to get to grips with these problems are not made easier by the variety of authorities with an interest in them. The Greater London Council and the individual London boroughs pursue their own individual industrial development policies, and they have been joined since last year by an urban development corporation and enterprise zone in East London. Local authorities in areas outside London, where many people who work in the City live, have a powerful interest in events in the centre. Transport responsibility splits uneasily between London Transport and British Rail.

Many of London's traditional sources of employment, like the clothing trade and the docks, were built upon outwork or casual labour. It was not until early this century that the growth of sectors like engineering and electronics in London brought substantial numbers of manufacturing jobs, notably to the outer suburbs. The Labour-controlled GLC, and other bodies like trade unions and chambers of commerce are concerned that this relatively recently-built industrial base is now disappearing again.

Hardly surprisingly, engineering has accounted for the majority of the manufacturing jobs lost in London during the recession. A recent GLC report describes the list of redundancies since early 1980 as reading like "a roll call of the dead," with unemployment up by almost 200 per cent.

"During the last few years I have gone from one plant closure negotiation to the next," says Mr Arthur Gibbard, London divisional organiser of the Amalgamated Union of Engineering Workers.

"It is not just in the old inner-London areas. I cover a district from South Essex to Buckinghamshire and it is the same right the way through. It isn't surprising that people are calling union officials industrial undertakers."

Important as job losses in manufacturing are, they could be dwarfed in significance in the longer term if London's service industries went into serious decline. The service sector accounts for 75 per cent of all jobs in the capital. Yet the latest study by the Manpower Services Commission's London regional manpower intelligence unit draws attention to the "increasing tendency for large companies to reduce office staff in central London."

ICI, Commercial Union, United Dominions Trust, Blue Circle and International Harvester are all recent examples of groups which are moving out. "The cost of London offices is important in some of these moves but many engineering and manufacturing concerns are coming to recognise the advantages of office staff being closer to production facilities," says the MSC report.

During the past year, for example, 7,000 jobs have been lost in the insurance, banking and finance sectors and central government employment in London has declined by nearly 4 per cent.

In some senses London is perhaps becoming the victim of the fact that too much economic activity has traditionally been concentrated there. There are merits in decentralisation policies, and in the case for manufacturing companies locating their head offices and administration closer to production facilities. A smaller London would not necessarily be a bad thing for the nation, but London politicians fear that if this is approached in an unplanned way it will simply add to the national stock of problems.

Unlike many major cities, London does not yet have an outer orbital motorway. But there are fears that when this transport deficiency is remedied and the M25 is completed, it will attract mobile industry from the older industrial areas to satellite suburbs on the perimeter.

The London Chamber of Commerce and Industry is currently organising a drive to sustain and strengthen the industrial base of the West London boroughs around Heathrow Airport—a total area of 60,000 acres with a working population of nearly 450,000.

Local authority rates receive particular attention in the chamber's West London report. Over the past four years rates in the area have increased by 18 to 21 per cent a year—the fastest rising element in business costs.

One current use of the rates is to finance direct local authority intervention to support jobs and establish industrial opportunities. Some of the most ambitious work is being done by the GLC through the Greater London Enterprise Board and the Greater London Manpower Board. The former has a wide-ranging brief to assist industrial development, while the manpower board is trying to tackle training problems.

Since its formation last year, the enterprise board has been involved in two major rescue operations—the F. Austin furniture company in Waltham Forest and GEC's Associated Automation plant at Willesden—and a range of less publicised activities.

The board was established by the Labour council as the main vehicle for implementing an election manifesto declaration that London's industrial decline is now so serious that "only a large-scale investment programme aimed at key sectors of London's industry will rescue the capital's manufacturing economy from almost total annihilation. The public sector will have to take an active role in such a strategy."

The political philosophy of the council is reflected in some of the board's priorities, such as a desire to extend participative forms of management and community involvement in industrial policy-making—and, indeed, in the board's very existence. But both its political architects and its full-time staff are emphatic that the real priority will be the creation of lasting new jobs.

It is not only the GLC that is trying to restore London's industrial base. Down the Thames to the east of the City, the London Docklands Urban Development Corporation is responsible for regenerating 5,000 acres in the derelict dockland areas which once played such a vital part in the London economy.

Nearly 500 acres out of the 5,000 is an enterprise zone, while another 120 acres is water—offering an attractive backdrop and amenity base if it is properly used.

It is early days yet—the first priority has been a £5.9m improvement in the infrastructure such as new roads—but there are signs that the corporation's policy of nationally marketing the benefits of relocating a mile or two from the City of London is paying off. Last April 70 per cent of inquiries were from companies already in East London, but this has now dropped to 40 per cent.

The development corporation has plans for tailoring the training and retraining of the local workforce, displaced from the docks and other declining sectors, to meet the specific requirements of new employers entering the area.

"We have avoided grand statements so far, but people can see for themselves that things are beginning to happen," says Mr Peter Turlik, who is in charge of the enterprise zone. "In the past too many kites have been flown about the future of docklands, with ideas like staging the Olympic Games or building a Channel Tunnel terminal there. These are just fantasy. Our priority is genuine, good quality industrial development."

The rest of London would say "Amen" to that.

Social Affairs

The curious thing about racial integration . . .

By Ian Hargreaves

IN THE FIELD of race relations it is as pleasant as it is rare to come across research which points to problems overcome rather than overwhelming problems.

That at least is the more obvious response to two recent studies: one about what happens when white people adopt black children; the second a detailed examination of life in Battersea, the multi-racial south London area famous, if at all, for a defunct funfair, a dogs' home, a listed power station, and British Rail's misnamed Clapham Junction.

Adoption and Race,* written by two white people, is the culmination of a 15-year research project sponsored by the British Agencies for Adoption and Fostering.

It traces the experience of 44 couples, 36 of them white, eight of black or of mixed race, and the black children they adopted in the mid-1960s.

At the time of the adoptions, there was much talk about unbridgeable racial gulfs and identity crises.

The pessimists, however, have turned out to be wrong, since the children in the 44 families have reached their midteens in resoundingly normal states of mind. They suffer no torments about self-esteem, no confusion about their identity, and they are doing rather well at school.

In examining the trick area of "racial awareness," the researchers also found no differences between the children brought up in white families and those raised in families of their own ethnic background. They conclude: "We had anticipated that racial background would be a crucial determinant of the children's experience of their world . . . but for the majority other issues were more important."

The Battersea study† treads on less sensitive, but equally fascinating ground in examining a working-class neighbourhood of Victorian housing, whose inhabitants are one-third black, with a mixture of Caribbean, African and Asian roots.

The most startling finding concerns employment. Instead of the usual picture of black people struggling against racist odds to find work, the report says that your chances of holding a job in Battersea relate not to your colour but to the strength of your local ties, as measured by length of residence.

So, those born outside South London had twice the unemployment rate of those locally born, and those who had lived to South London for one to five years were three times as likely to be unemployed as those resident for between five and 10 years. Among the more deeply rooted residents, of course, are many black people.

Dr Sandra Wallman, the anthropologist who led the London School of Economics research team, concludes that in employment as in other aspects of community life studied, race is not "a central or even a consistently important issue." The Jamaican-born resident of 20 years considers the newcomer from Tyneside an "outsider."

> Your chances of holding a job in Battersea relate not to colour but to the strength of your local ties

One thing these two pieces of work have in common is that they have both been attacked by sections of the social science establishment as being, in some way, disloyal to the cause. The Battersea work is accused of being too optimistic and therefore likely to encourage a *laissez faire* Government to reduce already inadequate resources for the inner cities. The adoption study is rejected because it is white-centred, failing to identify the importance of "racial pride" in the upbringing of black children and to back more strongly than it does the rapidly spreading conviction among social workers that black children should be placed only in black families.

These lines of attack are puzzling, to say the least. The Battersea study says nothing about the level of resources, although it provides in passing a successful case history of a 1970s-style housing action area which, among other things, led to greater municipal ownership of housing and therefore to easier economic access for disadvantaged groups. It also identifies the importance of effective neighbourhood political groups in distributing government funds efficiently and notes the constant temptation of local and central government to lose patience with these groups.

Its message is that an economically fragmented society, like that of South London, is socially more flexible and therefore more welcoming to immigrants and more robust economically than one in which there is either a very large transient population, like nearby Brixton, or one dominated by a small number of rigidly structured industries, like London's docklands.

As for "racial awareness," it suggests this may have been an overstated notion long before it became the subject of academic research. Battersea elected a black mayor in 1913 and sent an Indian-born communist to Parliament in 1922.

Instinctively, I find myself drawn in much the same direction on the subject of trans-racial adoption. If the children grow up happy and confident, what else matters?

This instinct, however, is way out of line with the trend in adoption and fostering circles. According to Mr Jeremy Bray, chairman of the London Regional Fostering Group, transracial placements are increasingly frowned upon. Many social workers go further: they speak of the destruction of "racial pride" and repeat American rhetoric about the ultimate indignity of black people servicing whites by providing them with children.

Surely this confuses the issue. It is true that criteria about what constitutes a suitable family for an adoption have needed revision in order not to be biased against the kinship structures of black people; but that change hardly requires a parallel resort to jingoism about racial pride.

It is also true that black children are over-represented in children's homes because their families are over-represented in the poorer, more highly stressed parts of society. But remedies for this have no obvious connection with the desire to reinforce racial identity among rejected children.

Why is it that racial integration is almost as controversial when it is achieved as when it is systematically obstructed?

* *Adoption and Race.* Owen Gill and Barbara Jackson; Batsford, £6.95 paper

† *Living in South London.* Sandra Wallman; Gower, £13.50

Letters to the Editor

The Inland Revenue and Government intentions

From Mr H. Wiggin

Sir,—There is further evidence, I fear, that the Revenue considers that it has a right to decide how the burden of taxation should fall, with scant regard for the intentions of Parliament.

A recent example of this attitude has emerged in the aftermath of the House of Lords decision in Leedale v Lewis 1982 stc 835, a case concerned with the liability to capital gains tax of beneficiaries under foreign trusts.

When clause 38 of the Finance (No. 2) Bill 1965, which subsequently became section 42 of the Finance Act 1965, was introduced, it was severely criticised in the Commons because, inter alia, it expressly imposed a charge on discretionary beneficiaries. The Government of the day brought in amendments which were intended to mitigate its effect. The House of Commons was told in explicit terms by the Chief Secretary to the Treasury, speaking to a Revenue brief (as he made clear), that one of the amendments was designed to remove the hardship which would result if discretionary beneficiaries of a non-resident trust were taxed under the section before they had received any payment from the trust. The amendment provided (so the Commons was told and so it believed) that the section would not bite until a beneficiary had received a payment from the trust.

The Revenue implicitly accepted that this was the effect of the section for some considerable time but, 13 years later, when it took Leedale v Lewis to the Commissioners, without any statement of a change in its practice, it embarked upon a course designed to defeat the legislative intentions of Parliament, in enacting the section in the form in which it had taken its place on the statute book. A further four years later, in the statement of its case to the House of Lords, the Revenue went further and actually misrepresented Parliament's intention to the House of Lords, in these words: "It is not consistent with the intention of the legislature that tax should be postponed until distribution of capital in the case of discretionary trusts, but not in other cases."

One cannot question the interpretation which the House of Lords, as the highest judicial authority in the land, placed upon the section, and their lordships would not, of course, have referred to Hansard. What is quite clear, however, is that not only Parliament, but also the vast majority of the legal and accountancy professions, had for some 17 years regarded the wording of the section as having the meaning which Parliament had intended. The Revenue itself had also quite evidently taken the same view for a considerable proportion of that period. There was, therefore, no obligation on the Revenue, in the interests of the general body of taxpayers, to press for an alternative interpretation through the courts.

It is to be hoped that the Revenue will be able to give an assurance that its misrepresentation to the House of Lords was an unintentional oversight. There must however be a strong argument for suggesting that all action on cases within this category should be suspended until the very disturbing questions raised have been clarified.

H. W. Wiggin,
The Quadrangle,
Imperial Square,
Cheltenham, Glos

Railway experience—home and overseas

From Mr R. Foster.

Sir,—In its "initial response" to the Serpell report, British Rail states that the committee chose "to ignore the lessons of foreign experience."

BR itself repeatedly chooses to ignore foreign experience. Under the 1955 modernisation plan, despite the fact that the Western European countries were then busy electrifying, BR opted for full-scale dieselisation. In so doing, it rejected the best available advice, which was to the contrary.

Freight traffic — originally the raison d'etre of railways and even now the staple diet of many European systems — has been almost systematically thrown away, except where a customer can fill a whole freight train and in some circumstances even provide the rail vehicles. Few can. These decisions, inter alia, have made a significant contribution to the ill-health of the present system. Twenty five years later, BR realised its errors and seeks to electrify and to regain lost "wagonload" traffic. But it may be too late.

BR (Southern Region apart) plans its passenger timetables in a most archaic manner, which has changed little since the days of the seperate railway companies. As a result, if one is not travelling to/from London, many rail journeys in Britain are a nightmare, both to plan and to undertake. It would be of great benefit both to BR and to the travelling public to follow the examples set by other European systems, notably by the Swiss Railways *Taktfahrplan*, a regular interval and co-ordinated timetable.

The architect of the Swiss *Taktfahrplan* and myself approached BR and offered to assist, but the then chief executive of BR rejected our approach almost out of hand.

Robert H. Foster,
3 High Street, Skipton,
North Yorkshire.

From the Editor,
Railway Gazette International.

Sir,—Your report (January 27) that Algeria is to spend £6.5bn by 1990 to modernise its railways is in painful contrast to Sir David Serpell's recent gloomy prognosis for British Rail. Serpell's so-called "high investment" option for BR—summarily rejected because it was inexplicably deemed to generate neglible extra revenue—amounted to £4bn by 1992.

While Algerian Railways is to spend £800m a year, BR is told that £400m a year is excessive. Yet BR is operating more than four times the route-miles on which five times as much freight and forty times as many passengers are carried.

Can you really blame our railway manufacturing industry for the fact that "the United Kingdom has so far failed to show any great interest" in Algeria? Governments in all of the other countries mentioned actively support railway exports, while ours is mulling over a serious proposal to shut 85 per cent of our surviving network. Someone, somewhere, must have got it wrong.

Richard Hope.
Quadrant House,
Sutton, Surrey.

Mistrust of insurers

From Mr J. Dawson

Sir,—Mr Christopher Green (January 24) is somewhat misleading concerning "commission." I have never heard of a member of the public being obliged to pay his broker commission; this is invariably paid by underwriters and never at the assured's expense.

Brokers bear a heavy responsibility in negotiating complex contracts and subsequently servicing alterations—never at the client's expense. It frequently happens that contracts are, albeit misguidedly, "put out to tender," involving several brokers, who are all obliged to study thick files devised by lawyers, and then approach underwriters, who may have quoted terms to five or six other brokers. Only one of these brokers will receive payment for the work done when he obtains instructions to insure. This does not take into account competition from abroad on domestic business, where again, the broker in London may have to work for nothing.

An unwritten code has been in existence for many years covering commissions or "brokerage" on various classes of business, but this cannot take into account interest-free loans made by underwriters and brokers, for late payment of premium by the client.

It should be appreciated by the insuring public that the word "Fidentia" over the main entrance of Lloyd's, means just what it says. "Good faith" governs the activities of virtually every responsible broker and underwriter working in the London market. They take no pleasure in unfair competition and juggling with commission, which has traditionally been paid by underwriters for work done, both in bringing them the business and subsequently servicing often complicated contracts, and servicing them to the great benefit of the insuring public at no cost to it.

James Dawson.
Little Stonewall,
Longton Green,
Tunbridge Wells.

Why not a buy-back for Britoil?

From Mr Bernard Keeffe

Sir,—Now that Britoil shares have dropped to 46p, would it not make sense for the Government to buy them back?

Bernard Keeffe.
153, Honor Oak Road, SE23.

FINANCIAL TIMES
Wednesday February 2 1983

Desperate exodus on Lagos deadline

By Quentin Peel, Africa Editor, in Lagos

SEVERAL hundred thousand illegal migrant workers managed to leave Nigeria before the deadline for their expulsion on Monday night, with more than 10,000 Ghanaians being rescued from desperate conditions in Lagos port by two ships from Accra.

An unknown number of the workers still remain inside the country, although officials believe that the majority have already left. Skilled workers have been granted a four-week extension either to get themselves work permits or to leave the country.

Lorryloads of the migrants, most from Ghana, but with many also from Niger, Benin and Togo, could still be seen yesterday leaving Lagos and on the road to the border, although the huge bottlenecks have now disappeared, following Ghana's decision to open its frontier to let them return home.

About 2,000 were left at Lagos port yesterday, surrounded by huge mounds of litter left behind by those who crammed on to the two ships which sailed yesterday morning and on Monday night. However, unconfirmed reports said up to six people were drowned in the scramble to get away.

Ten people also died of starvation on the Benin-Togo border, according to the United Nations High Commissioner for Refugees. The victims had been suffering from malnutrition before starting the long trek on foot through two countries.

Meanwhile, the Nigerian Ministry of Internal Affairs has announced that it is starting to enforce the migrant labour laws by sending its inspectors to hotels and restaurants. Even the foreign embassies have been told they must send home their domestic staff, many of whom came from neighbouring countries.

The exodus has taken its toll on construction sites throughout the country, where many Ghanaians were employed. Some reports say that work has actually come to a standstill on some sites, such as the new Ighin power station, outside Lagos.

European ruling could affect takeover terms

BY GILES MERRITT IN BRUSSELS AND ANDREW FISHER AND RAYMOND HUGHES IN LONDON

EUROPEAN governments that have already agreed and paid compensation for their post-war nationalisations of private companies, will be watching anxiously developments in a multi-million pound claim against the UK.

The European Human Rights Commission has declared admissible for consideration on their merits all but one of the claims by shareholders of companies nationalised under the UK's 1977 Shipbuilding and Aircraft Industries Act that the compensation they were offered violated their property rights under the Human Rights Convention.

The Commission will try to secure a friendly settlement of the claims, and failing that send them to the European Human Rights Court for a ruling.

The successful applicants included Sir William Lithgow, Vosper, English Electric, Vickers, Yarrow and Prudential Assurance Company. Three shareholders in Yarrow were unsuccessful. All had argued that the manner in which they were deprived of their shareholdings breached Article 1 of the first protocol of the Human Rights Convention.

They maintained that the Article required prompt, adequate and effective compensation, and that their compensation fell short of the required standards.

They also claimed that they were the victims of discrimination in connection with the payment of compensation. Not all have announced their claims. Yarrow, however, is understood to be seeking at least £30m as against the £6m it received, and Vosper, which got £5.3m, is looking for about £40m.

If the UK claimants eventually succeed it could open the floodgates for similar claims against other governments involving them in tough and expensive renegotiations.

Vosper lost its warship yards to British Shipbuilders on nationalisation and now builds fast sidewall hovercraft in the UK and naval vessels in Singapore.

Itself a quoted subsidiary of the David Brown industrial group, Vosper also owns a quarter of the shares in Yarrow, which had its Clyde naval shipyard nationalised.

Yarrow, now engaged in engineering consultancy and process work, said the Strasbourg decision was a significant step forward in its efforts to obtain better terms.

Vickers, which received £62m in compensation for its shipbuilding and aerospace activities, described the court's decision yesterday as a "technical stage" and declined to make further comment.

Under the 1977 Aircraft and Shipbuilding Act, the compensation was based on average share prices between September 1973 and February 1974. But only one of the 43 companies involved had a share price relating solely to the nationalised part. So notional prices were used.

EEC vote supports payment to Britain and W. Germany

BY JOHN WYLES IN BRUSSELS

A MAJORITY vote of EEC governments yesterday formally supported budget proposals making special payments of nearly £600m ($914m) to Britain and West Germany in respect of the 1982-83 financial year.

On the latest European Commission estimates, Brussels' net charge on the UK exceeded £1.4bn last year and the supplementary budget adopted yesterday is meant to cut this by nearly £500m.

The payment could still be blocked, however, by the European Parliament which will decide its position at the plenary session in Strasbourg next week.

Diplomats and officials think it unlikely that MEPs will give the green light straight away, but they are cautiously optimistic about securing Parliamentary endorsement in March in time to transfer the money to the UK Treasury by the end of the British financial year as the Ten agreed last December.

France was the major opponent of the proposal agreed at yesterday's ministerial meeting in Brussels, although Denmark also had reservations. But as budget decisions are among the few that are routinely taken by majority vote, the two did not carry enough votes to provide a blocking minority.

M André Chandernagor, France's Minister for Europe, indicated that Paris would block any further short-term deal cutting Britain's payments to the EEC budget.

In London, M Claude Cheysson, the French Minister for External Affairs, emphasised that France wanted a lasting solution to the British budget problem based on the long-term development of EEC policies.

Britain also wants this, but it believes that another short-term arrangement covering 1983-85 will be necessary before policy changes alter the imbalance between payments and receipts from the Community.

M Chandernagor claimed that the proposed budget would cost member states more than was originally envisaged – an opinion not shared by other delegates. He implied that it had been slanted too much towards winning the approval of the European Parliament and that the entire situation supported the contention that the Ten should not resort again to such transitional measures for the UK.

The French position will make it extremely difficult for the UK to persuade the other Nine to negotiate another short-term deal – as they undertook to do last October.

The Parliament has secured a qualified undertaking from the Ten that their next move will be to focus on long-term EEC policy development. This is being seized on by France and most other member states as a reason to insist that agreeing new ways of financing the EEC should take precedence over further temporary arrangements

NAS to quit computer assembly

By Louise Kehoe in San Francisco

NATIONAL Advanced Systems, the computer subsidiary of National Semiconductor, is to cease making its own computers and in future will sell only machines made in Japan by Hitachi.

The U.S. company already fills some of its product range with Hitachi computers which are "plug compatible" with larger machines made by International Business Machines, the giant of the industry.

Plug compatible machines are designed to substitute for IBM equipment in a computer system, without making IBM-style software and peripherals redundant.

IBM has been intensifying competitive pressure on the plug compatible makers, of which NAS is the largest in the U.S. Last year, IBM accused Hitachi of stealing IBM trade secrets to make it easier to design plug compatible machines. NAS was also named in the writ.

NAS decided to stop making its own machines because "the Hitachi computer is a more competitive product," Mr David Martin, NAS president, said yesterday.

He expects the Hitachi-built product to provide NAS with a stronger response to IBM's anticipated announcement of a new 4300 series computer, called the Olympia, later this year.

Mr Martin said that NAS's strong and stable relationship with Hitachi made the decision to drop manufacture of its own machines possible. "We are making long-term agreements and mutually planning on future products," he said.

Closing down its manufacturing operation in San Diego, California, will provide NAS with a significant saving in overheads, said Mr Martin.

NAS has been "marginally unprofitable" for the last several quarters, said Mr Martin. Although the company's sales in the quarter, ending December 1982, were reduced by customer uncertainty surrounding Hitachi's involvement in the alleged theft of IBM trade secrets. NAS will write off $9m in the current quarter as a result of the plant closure.

THE LEX COLUMN

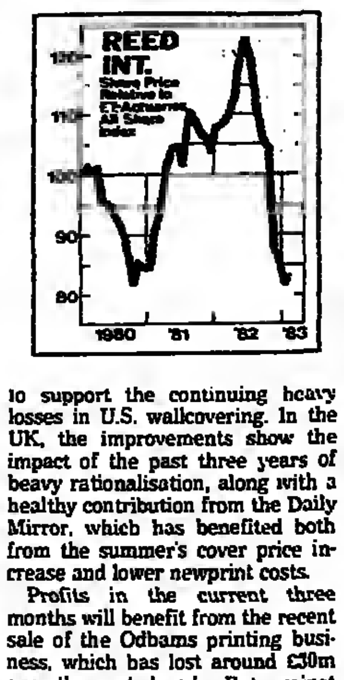
Peugeot shifts into reverse

Peugeot's giddy expansion in the late 1970s is now only a faint memory as the company cuts more and more deeply in its efforts to conserve cash. Following the disposals of its Argentine subsidiary and its heavy lorry activities in Spain and the UK, the group has turned to peripheral businesses back home. After selling the Ravi supermarket chain for around FFr 137m, the group is now shedding its 45 per cent stake in the loss-making Matra Automobiles – although, in this case, it is unlikely to receive more than a nominal consideration.

Matra Automobiles' FFr 120m deficit looks like a pinprick beside the size of Peugeot's losses – FFr 1.5bn net in 1980, and virtually FFr 2bn in 1981. But the group's present policy is to concentrate everything on pulling the core motor car business back into profit. Estimates suggest that losses rose in the year to December 1982 to at least FFr 2.5bn. The group has already screwed down the lid on new investment to a point that is barely tolerable – fixed capital expenditure has shown a decline in nominal terms from almost FFr 5bn in 1980 to around FFr 4.5bn last year, and is unlikely to rise in the current 12 months.

These constraints, however, have not prevented a swift deterioration in the balance sheet. At the end of 1981 short term debt stood at around FFr 11bn net, and long term borrowings at FFr 11.6bn, while shareholders' funds had dropped from FFr 13.6bn in 1979 to FFr 10bn. With the Peugeot family still retaining around 34 per cent of the equity, and the share price, even after a recent rally, wallowing at FFr 143, the Paris market sees little hope of an immediate capital injection. But the company says it still has adequate credit lines from nationalised bankers.

Reed International



Reed International's overseas divisions have been rapidly losing pace this year, and the third quarter drop to wafer thin profits of £1.8m compares grimly with £7.7m a year ago. This downturn was more than enough to cancel out the 30 per cent rise in UK trading profits to £16.7m, and, with the addition of a higher interest charge, pre-tax profits dropped by a little over 20 per cent to £13.9m.

The main culprit for the overseas slump was the cut in North American newsprint prices, which left this division well down and unable to support the continuing heavy losses in U.S. wallcovering. In the UK, the improvements show the impact of the past three years of heavy rationalisation, along with a healthy contribution from the Daily Mirror, which has benefited both from the summer's cover price increase and lower newsprint costs.

Profits in the current three months will benefit from the recent sale of the Odhams printing business, which has lost around £30m over the past decade. But against earlier market hopes of profits of up to £100m for the year, forecasts are being scaled down to around £55m, where Reed is shored up by a prospective yield of 7.7 per cent at last night's price of 260p.

Hambros

The ghost of Hilmar Reksten still stalks the corridors of Hambros Bank, despite all the brave attempts at exorcising the balance sheet. The hole left in hidden reserves by the Reksten saga could by now be in the region of £70m, a figure which the bank has made good through a string of asset disposals.

Yesterday it was the turn of Hambro Life – the jewel in the group's crown – to help repair the damage. Hambro off loaded about one third of its 37 per cent holding to net £38m. This will leave the group with a book profit of £30m, all of which should be sheltered from current tax. Roughly half that figure may find its way into hidden reserves, after provision has been made for deferred tax and between £5m and £10m has been allocated to repay term debt.

This should roughly match the total residual book value of the group's rusting tanker fleet which, given the dismal state of the scrap market, may need to be written down by around £18m this year. And that, Hambros fervently hope, should close the Reksten chapter for good.

Enough of the proceeds should be left over to inject considerable extra muscle into the bank's balance sheet. Hambros must by now be tired of the observation that the value of its holding in Hambro Life equals its own market capitalisation and that the life company's dividends effectively fund the group's distribution.

Hambros has sacrificed what the stock market sees as high quality income through yesterday's sale and the test now will be to generate a higher return out of the funds in banking than would have been managed in the life insurance market. The group has already forgone almost £5m by failing to persuade Guardian Royal Exchange to accept part of its own holding when GRE instead subscribed for a fresh 10 per cent stake in Hambro Life at 335p per share – in mid-December.

Tobacco

While the City of London confidently expects Imperial Group to have pulled off a major and broadly-based recovery when it reports 1981-82 profits next week, yesterday's full year figures from Gallaher, number two in the British league table, concentrate the mind on how difficult the tobacco market really is.

Trading profits from Gallaher's tobacco operations inched ahead by just £1m to £65.7m in 1982 after a £1.3m setback to £18.7m in the last quarter to December. Yet even that flat performance is no mean achievement in a year when cigarette volume fell by 8 per cent, compounding a drop of 12 per cent in 1981.

Thankfully the painful price wars of the past have been abandoned, at least for all but the very bottom end of the scale where several brands have been launched selling on price alone and with virtually no attempted marketing image. Yet if Imperial's concentration on profits rather than market share has allowed a slightly more relaxed attitude to pricing, others – like Gallaher – remain deeply attentive to their slice of a shrinking market.

The Chancellor of the Exchequer now holds the future in his hands. Anything more than a 3p to 4p tax increase from the Budget could hammer the industry's volume projections. And the last thing the majors want is to jack up promotional spending and/or, declare a renewed price war.

UK water workers tap their strength

BRITISH water supplies have been disrupted for the past nine days by the first all-out national strike by 29,000 water workers in England and Wales. This strike in such an essential industry as water supply and sewerage, will again fuel the international perception of Britain as a strike-prone country.

However, Britain's total of 7.9m working days lost through strikes last year was well below the average of 12m for the past 10 years; and the most recent international strike comparisons show that six countries, including Italy, Canada and Australia, all have higher strike incidence rates than Britain.

BRITAIN

When the British water industry was re-organised in 1974, responsibility for water supply was transferred from local authorities to 10 regional water authorities in England and Wales, and for industrial relations to an umbrella body, the National Water Council, writes Philip Bassett.

One crucial effect of this centralisation was that waterworkers gradually began to realise the extent of their industrial muscle and the considerable leverage this gave them in pay negotiations. This started to make the annual pay negotiations more difficult, although no industrial action, apart from a rash of unofficial stoppages in 1979 and early in 1981, had been taken until now.

The natural moderation of the industry's largest union, the General and Municipal Boilermakers' Union, has tended to produce negotiated pay deals rather than industrial action. However, this year the waterworkers' long-standing aspirations for pay comparable with workers in the other essential services, such as gas and electricity, has broken through even that restraint.

FRANCE

Surprisingly, a country where the banks and key industries as well as the main utilities are under the control of the state, water in France is an area where a great deal of leeway is left open to private companies, writes David Marsh.

Strikes are relatively rare. The reason, according to a spokesman for the Compagnie Generale des Eaux (CGE), the biggest private sector water company with contracts covering 15.5m French inhabitants or nearly 30 per cent of the country, should be music to Mrs Thatcher's ears.

Efficiency is boosted through productivity agreements and wages are relatively high (averaging about £10,000 per year in the CGE). The country's decentralised water power structure gives individual municipalities the opportunity to take services from neighbouring regions in the event of labour trouble in their own area. Emphasising the greater stress on the market-orientated approach, water meters control household use and bills are levied accordingly.

Water services, including purification and sewage, are under the control of local authorities. They can either provide the services themselves, as in the case of large towns like Paris or Lyon, or subcontract to a range of specialist companies of which CGE is the leader. In some cases a mixed system prevails.

In total, 22m people get their water direct from the local authority and 30m through services of a specialist company.

Waterworkers have the right to go on strike. In fact a few months ago some public sector employees who run Paris' waterworks struck for a short period over a pay claim. There were no cuts and few members of the public ever noticed.

Financial Times reporters look at water supply and labour relations throughout Europe in the light of Britain's water and sewerage strike.

Salaries depend on town hall policies, which are frequently aligned up and down the country so that in practice a semi-centralised system prevails. CGE, for instance, reckons its pay is about 10 to 15 per cent higher than in the public water sector, but keeps percentage rises pegged to the increases granted to local authority workers.

WEST GERMANY

The chances of a similar water and sewage strike in West Germany are considered small by both the industry and the union involved, the public service and transport ÖTV, writes James Buchan.

According to the union workers at the water supply companies owned by local communities in principle come under the wage settlements agreed annually through free collective bargaining between the union and the Government. This settlement sets a norm for the 20 per cent of the industry in private hands or in private companies with official participation.

Waterworkers have the right to strike, but the OTV considers such a move improbable and certainly not without a skeleton service.

NETHERLANDS

The Dutch water supply industry is still largely in the hands of some 100 private companies and its employees thus escaped the freeze on public servants' pay imposed this year by the centre-right government, writes Walter Ellis.

Wage negotiations are conducted on a sectoral basis, and the services branch of the massive FNV trade union federation speaks on behalf of the waterworkers. Increases are linked automatically to rises in the cost of living, with a margin for negotiation based on productivity. Salaries are similar to those in the public service industries.

Water supply is extremely well regulated. A separate Water Ministry co-operates with the Ministries of Health and the Environment, and all three deal directly with the association of water companies.

BELGIUM

When Belgium's waterworkers last went on strike in 1975, the Government was able to resort to measures that the British Government might envy. After three days of the stoppage, the Public Health Minister declared a state of emergency that required the strikers to return to work within 24 hours, writes Giles Merritt.

That strike was caused by demands within the fragmented Belgian water industry employing some 6,000 workers for pay parity with those employed by the Brussels' communes. Negotiations, opened immediately after the strikers' return to work, largely settled the dispute with an across-the-board pay rise that placed the water workers in a public sector wage band. This has prevented further unrest.

Belgium's water industry nevertheless remains fragmented, being divided not only between water and sewerage but also between nationalised industry and local government services run by the country's 800 communes. There is also a widening rift between Dutch-speaking Flanders which is pursuing new water treatment policies.

ITALY

There is no law prohibiting Italian waterworkers from going on strike but in practice a strike similar to that now going on in Britain is almost inconceivable, writes James Buxton.

Water supply workers and sewerage workers in Italy almost invariably work for different organisations. Normally water supply in each city is in the hands of an independent body, responsible to the municipality, while sewage is the direct responsibility of the municipality.

Talks to end dispute, Page 6

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Dubrovnik	S	11	52	Malaga	S	17	63	Salzburg	S	8	46
Aleppo	F	16	61	Faro	S	12	54	Malta	S	14	57	Seoul	C	0	32
Algiers	R	21	70	Florence	C	4	39	Manila	F	21	70	Singapore	F	24	75
Amsterdam	R	2	36	Frankfurt	R	10	50	Miami	F	20	68	Stockholm	Sn	-4	25
Athens	S	6	43	Funchal	F	17	63	Milan	F	9	48	Strasbourg	S	12	54
Bahrain	F	11	52	Geneva	C	1	34	Moscow	Sn	-2	28	Sydney	F	22	72
Bangkok	F	24	75	Gibraltar	S	17	63	Munich	S	14	57	Taipei	F	16	61
Barcelona	S	17	63	Guernsey	F	6	43	Nairobi	—	—	—	Tangier	Fg	12	54
Beirut	R	17	63	Helsinki	S	-11	12	Naples	F	12	54	Tehran	—	—	—
Belgrade	F	0	32	H. Kong	C	15	59	New Delhi	F	7	44	Tel Aviv	S	16	61
Berlin	C	1	34	Innsbruck	S	3	37	New York	C	4	39	Tenerife	R	22	72
Biarritz	S	14	57	Inverness	F	3	37	Nice	S	14	57	Tokyo	F	2	36
Blackpool	R	5	41	Istanbul	C	7	45	Oporto	F	12	54	Toronto	C	2	36
Bordeaux	C	12	55	Jersey	F	6	43	Oslo	C	-8	18	Tunis	C	17	63
Brussels	R	0	32	Jo'burg	R	17	63	Paris	C	3	37	Valencia	R	22	72
Budapest	S	5	41	Las Palmas	S	23	73	Prague	F	9	48	Venice	F	4	39
B. Aires	F	15	59	Lima	F	24	75	Reykjavik	C	-6	21	Vienna	C	3	37
Cairo	C	9	48	Lisbon	F	6	43	Rio de Ja'o	C	23	72	Warsaw	Sl	1	34
Cape Town	—	—	—	Locarno	S	7	45	Rome	F	5	41	Zurich	S	11	52
Caracas	F	16	61	London	C	7	45								
Casablanca	S	16	61	Los Angeles	F	8	46								
Copenhagen	F	1	34	Luxembourg	R	6	43								
Corfu	S	12	55	Madrid	F	0	32								
Dublin	C	1	34	Majorca	S	17	63								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

National Steel buy-out

Continued from Page 1

set by a pre-tax gain of $33m from the liquidation of inventories.

National said the $288m provision included the possible future cost of National paying pension and other employee benefit liabilities which the company would retain.

"The broad outlines of a potential agreement are clear enough at this time to reflect the anticipated impact of the Weirton sale in National's 1982 results," said Mr Howard Love, National's chairman and chief executive.

National confirmed yesterday that it was still hoping to complete negotiations in time to close the deal in March.

The Weirton plant has a book value of $322m but a stumbling block to the negotiations was the question of who would take on responsibility for the estimated $100m of unfunded pension liability at the plant. The details of the $286m provision appear to suggest that this problem may be near solution. National warned yesterday, however, that the figures may still change and that the $286m provision should not be used as a basis for attempting to work out the sale price.

National said it made a $462.8m, or $24.77 a share, after-tax loss in 1982 compared with net earnings of $86.1m, or $4.59 a share, in 1981.

UK spending under target

Continued from Page 1

nancial year, when the Conservative Government came to power, and the current year.

Defence spending has risen by 11 per cent. Real spending on public sector housing has fallen by 80 per cent.

Social security payments rose by nearly 10 per cent in real terms, reflecting the increase in the number of pensioners and in the number of unemployed.

Real spending on health and social services has risen by 11 per cent under the Conservative government.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Dumer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: John Davies, Frankfurt/Main. © The Financial Times Ltd, 1983.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday February 2 1983

Tenneco revenues slip but profit up

BY RICHARD LAMBERT IN NEW YORK

TENNECO, the diversified energy, chemicals and industrial group, achieved a modest increase in net earnings from continuing operations during 1982.

But the underlying trend has been distorted by some large, non-operating items, an increase in the outstanding share capital, and losses on discontinued operations. Revenues slipped to $14.98bn from $15.06bn.

After taking all this into account, net income came to $319m or $5.74 per share, compared with $813m, or $6.01 per share in 1981. The latest earnings include a net gain of 36 cents per share, arising from divestitures and losses on discontinued activities, plus a gain of 20 cents a share stemming from a debt-for-stock swap.

Mr James Ketelsen, chairman and chief executive, said that energy operations had accounted for 80 per cent of pre-interest profits, with gains recorded by both oil exploration and production, and by natural gas pipelines.

The shipbuilding and automotive parts companies also turned in record profits, and the insurance side posted a slight improvement. Other activities, which include the J.I. Case construction equipment business, had been hit by the recession and accounted for about 5 per cent of operating income.

Mr Ketelson said the cash flow had exceeded $2.2bn in the year. Total debt had been reduced by more than $500m, to $5.6bn, while over $400m had been added to equity.

In the fourth quarter of 1982, Tenneco's net from cootinuing operations was $278m, or $1.96 a share, against $254m, or $1.88 a year earlier, on revenues of $3.98bn against $4.22bn. Final net was $288m or $2.03, against $260m or $1.91.

● Oil company acquisitions by the Canadian Government-owned Petro-Canada raise serious accountability questions and underscore the need for Canadians to bring Crown corporations under greater control, Kenneth Dye, the Auditor-General, said yesterday.

Mr Dye said his office has failed to find any evidence that Petro-Canada carried out either e serious evaluation or analysis before it began the C$1.7bn (U.S.$1.37bn) takeover, in 1981, of Petrofina, a private oil company.

"We were not able to find anywhere in Canada, any analysis or evaluation of this purchase," said Mr Dye.

Banco Urquijo takeover decision due today

BY DAVID WHITE IN MADRID

BANCO Hispano-Americano, Spain's third ranking commercial bank, is due to decide today whether to press ahead with its bid to absorb Banco Urquijo, the leading independent industrial bank in the country.

Its decision depends on terms for medium-term aid from the Bank of Spain, to restore Banco Urquijo to health.

The bid being prepared by Hispano-Americano is understood to involve an exchange of three of Urquijn's nominal Pta 1,000 shares for two of its own nominal Pta 500 shares. This would price Urquijo's stock at 75 per cent of its nominal par value.

The offer would be conditional on the larger bank, whicb already has e direct shareholding of over 12 per cent in Urquijo, succeeding in obtaining a 51 per cent majority.

In addition, Hispano-Americano may propose to subscribe to a doubling nf Urquijo's Pta 9.74bn ($77m) capital, according to bank sources.

If the operation goes through, Banco Urquijn is expected to be merged later this year with Bankunion, the number two, specialist industrial and merchant bank, which was in serious trouble when Hispano-Americano took it over in the spring of last year.

Senior officials of Banco Urquijn said, however, that further discussions on terms would be needed.

The move, made et the instigatioo of the Bank of Spain, marks a break from the traditional way of dealing with bank problems through the Deposit Guarantee Fund.

Record results at McDonald's

BY OUR FINANCIAL STAFF

RECORD RESULTS for the eleventh consecutive year are reported by McDonald's, whicb operates, licenses and services the world's largest chain of fast-food restaurants.

The U.S. group's explosive growth, however, slackened slightly in the fourth quarter. Earnings for the period increased from $61.21m to $68.54m, lifting annual earnings from $264.8m to $300.6m.

At the per share level, earnings were equivalent to $5.00 for the year, against Wall Street expectatinns of $5.05 and 1981's $4.38. Fourth-quarter profits equalled $1.14 against $1.01 a share.

Revenues for the full year totalled $2.77bn, compared with $2.52bn for 1981, with $690.3m, against $635.6m coming in the final quarter.

Margins from company-owned restaurants improved in the fourth quarter to 16.3 per ceot of sales, from 15.2 per cent a year ago. There were 7,259 McDonald's restaurants in 1982, up from 8,739 a year earlier. McDonald's plans to expand its international cbain in the near future in France, Norway, Italy and Taiwan.

Sales of the international division in 1983 increased from $1.36bn to $1.45bn.

Ahold up by 20% and share issue

By Walter Ellis in Amsterdam

AHOLD, the Dutch-based retail stores group, is expected shortly to announce a combined issue of shares in Ahold and participation in Ahold Internatinnal, with preference given to existing equity holders.

Net profit in 1982 rose by 20 per cent to around FL 64m, compared with 1981, and Ahold is anxious to maintain its existing balance between earnings and shareholders' equity.

The group is flourishing at a time when several other Dutch retailers are experiencing financial difficulties. KBB, operators of the Bijenkorf and Hema chaiNs, last week announced large-scale staff redundancies and put in a request for Fl 60m in aid from the Dutch Government.

Dividend policy at Ahnld is traditionally based on the developm ent of earnings and stareholders' equity. Since 1978, this bas been reflected in an annual cash dividend of Fl 4.40 per Fl 20 share.

However, the company, in common with many Dutch enterprises, also maintains a special casb reserve based on the rise in value of shares against their Fl 20 nominal price.

This rose last year by 10 per cent, and at the annual general meeting oo April 29, it is expected that the proposed dividend per share will rise to Fl 5.

Existing shareholders will also benefit from the new issue of Ahold shares, just as they did in 1968, but the so-called "Agioreserve" will then be exhausted and no further issues can be expected.

Sales at Ahold rose last year by 24 per cent, from Fl 7.1bn to Fl 8.8bn, and a further improvemeot in 1983 is confidently expected.

Included in the results are figures for Giant Foodstores, a U.S. chain acquired in 1981 and now trading with considerable success, following a period of reorganisation. Sales at Giant Food increased by over 15 per cent in 1982.

CGE aims to lift its sales to FFr 132bn

BY DAVID MARSH IN PARIS

THE DIVERSIFIED French electrical and engineering group Compagnie Generale d'Electricité, whicb is the jewel of the state-owned sector, earned consolidated profits last year of between FFr 500m ($71.53m) and FFr 600m, similar to the figure nf FFr 586bn fnr 1981, M Georges Pebereau, the director general, said yesterday.

The group, which has flourishing activities in the major growth areas nf telecommunicatinns and information technology, and also bas e strong presence on export markets, expects to double turnover over the next five years to FFr 132bn in 1987 from FFr 66bn last year, M Pebereeu said at a press conference. In constant franc terms, this amounted to an expected rise of 35 per cent, be said.

CGE, alnng with the other companies in the state sector, is discussing its future industrial planning and cash needs with the Ministry for Research and Industry which is expected to announce shortly the framework for the group's three-year plans.

M Pebereau is the chairman of the CGE telecommunications subsidiary CIT Alcatel, and second in the group's hierarchy after M Jean-Pierre Bruent, the chairman.

He said that the group last year finisbed with a cash surplus of FFr 500m after raising more than it needed from its own resources and from borrowing to meet total cash requirements of FFr 3.9bn.

He launched an appeal, however, for favourable treatment from the Government in the group's searcb for funds to boost its capital structure this year.

The capital rise wbich CGE had planned to put into place in 1981 before the group's nationalisation 12 months ago did not go through. Last year the group received cash infusions of around FFr 1bn througb subordinated bank loans and sales of "natinnalisation bonds", but no extra equity capital, M Pebereau said.

In November the Government announced a total package of capital injections for nationalised industries of FFr 20bn this year. M Petereau said that a stronger capital base for the central CGE bolding company was "indispensable" to fund its subsidiaries' expansion plans.

But he indicated that, faced with more pressing demands for cash from the range of loss-making companies in the natinnalised sector, the Government might not have funds to spare for CGE, which was in the "singular" position of making money.

Among the group's main subsidiaries, electrical engineering company Alsthom Atlantique registered turnover nf FFr 15bn last year and orders of FFr 18bn, while CIT Alcatel chalked up turnover of FFr 12.5bo and orders of FFr 14bn.

Last year's overall group turnover of FFr 66bn was 16 per ceot up from 1981, with nrders up eveo more strongly by 26 per cent to FFr 83bn, largely caused by a big increase in export buslness.

Matra confirms Renault link

BY OUR PARIS CORRESPONDENT

MATRA, the diversified French state-controlled arms and electronics group, yesterday confirmed a link with Renault in motor manufacturing and unveiled sharply lower profits for last year.

M Jean-Luc Lagardere, the chairman, said consolidated net profits fell to FFr 23m ($3.3m) last year, from FFr 180m in 1981, mainly owing to setbacks in the group's vehicle, clock-making and electronics activities, as well as losses at its automatic machine tools subsidiary, Manurhin.

In the troubled Matra Automobiles division – which lost FFr 120m last year – Matra now has complete control, following Peugeot's decision to sell its 45 per cent stake in the company to Matra last week, under an agreement announced on Monday night.

M Lagardere confirmed that the state motor giant, Renault, bad agreed to supply car parts to Matra Automobiles as part of a joint project to manufacture a new model, which, it was hoped, would be launched in the first half of 1984.

Renault will, however, not be taking an equity stake in the project to replace Peugeot's participation. M Lagardere said negotiations were taking place, which he hoped would lead to unnamed financial institutions taking stakes to fill at least part of the gap left by Peugeot's departure, but he gave no details.

On the Peugeot pull-out, M Lagardere said the selling price took account of the group's share in previous Matra Automobiles losses, but he declined to give a figure.

Peugeot will continue to market Matra's existing Rancho and Murena models – productioo of whicb has been falling sharply – while Renault will sell the oew model through its own network.

M Lagardere said the sharp fall in profits last year was caused partly by heavy depreciation charges and a high provision for uncovered advances, as well as heavy tax payments to the Government. This year, he expected profits to rebound to around the 1981 level.

Parent company sales – grouping arms, space and transport activities – rose to FFr 5.6bn last year, from FFr 4.5bn in 1981 and are expected to increase to FFr 6bn this year.

Consolidated group sales of FFr 9bn in 1982 are forecast to increase to FFr 10bn this year.

He said the group's cash position improved dramatically last year.

Lex, Page 14

Annual income rises 6% at CPC foods group

BY OUR NEW YORK STAFF

NET INCOME of CPC International, the U.S. food products multinational, rose by 6 per cent to $231.8m in 1982. Net income in the final quarter was marginally ahead at $73.7m, compared with an exceptionally strong period in 1981.

The company said that operating income of its grocery products business, which includes Knorr soups and stocks, rose marginally and accounted for 70 per cent of overall income. This was a notable result, it claimed, in view of the fact that half of the income was derived from operations outside the U.S., and was translated into dollars at considerably less favourable rates than a year earlier.

Operating income of the group's corn wet milling operations fell slightly over the year. A strong improvement in Europe over the depressed levels of 1981 offset most of a sharp decline in earnings from the North American operations.

Largely as a result of currency movements, sales slipped by 5 per cent in the final quarter to $981m, and were down by a similar proportion for the year as a whole at $4.1bn. Earnings per share for the year rose from $4.57 to $4.80.

Landis & Gyr setback

BY OUR ZURICH CORRESPONDENT

LANDIS & GYR, the Swiss electrical engineering concern, saw earnings fall by some 40 per cent last year to SwFr 32m ($15.8m) the lowest level since 1978.

The company described the result as unsatisfactory, even though a substantial part of the drop was the result of foreign-exchange effects.

Despite the marked profits fall, the board will recommend maintaining the 1981 dividend of SwFr 20 per ceot 'B' share at its annual meeting on March 5, as well as the issue at par of one new share and participation certificate for each 25 units held.

Last year, group sales fell by 3 per cent to SwFr 1.25bn ($621m) and the new order volume by 5 per ceot.

Boeing decline less than feared

BY OUR NEW YORK STAFF

BOEING, the world's largest commercial jet manufacturer, reported lower, though much better than expected, fourth quarter results. Net earnings for the period slipped from $98m to $91m, or from 99 cents to 94 cents a share. Sales in the three months increased from $2.38bn to $2.49bn.

Net earnings for the full year, however, still showed a fall of 62 per cent from 1981's $473m to $292m. Per share earnings dropped from $4.90 to $3.02; Wall Street analysts had expected a level of around $2.75. In 1980, earnings were a record $601m, equal to $6.23 a share.

Sales for 1982 totalled $9.04bn, against $9.79bn.

The U.S. group blamed the profits fall on significantly lower commercial aircraft deliveries, high levels of project research and development expenses, and lower interest income. Results would have been worse had it not been for a surge in military sales and orders.

The plight of the airline industry was highlighted when Continental Airlines of the U.S. announced, at the same time, a 15 per cent reduction in passenger traffic capacity and that it was laying off 2,000 workers from March 1.

At the end of the year Boeing had a total backlog of unfilled orders of $19.03bn, compared with $19.39bn a year earlier, with $14.91bn, or 78 per cent, for commercial aircraft and $4.11bn, or 22 per cent, for the U.S. Government. Comparable figures at end-1981 were $15.66bn or 81 per cent and $3.73bn or 19 per cent.

Mr T.A. Wilson, Boeing's chairman, said 1982 was highlighted by the increased levels of military business and the receipt of air worthiness certificates for the new 757 and 767 jet aircraft.

He added that the commercial airline market remains depressed. Consequently, until the world economy recovers and airline traffic growth and profitability begin to reflect this, Boeing would continue to reduce commercial operations consistent with demand.

During 1982, Boeing sales to the U.S. Government increased by $1.04bn to $3.21bn. Over the year the company delivered eight 707s, 26 727s, 95 737s, 25 747s, two 757s and 28 767s. New orders in 1982 for 110 aircraft, worth about $3bn, declined from the 224 ordered in 1981.

Boeing will cease production next year of the best-selling commercial aircraft of all time – the 727. Mr T. A. Wilson, chairman of Boeing, said that production will end after the 1,832nd 727 is completed.

"The 727 is the biggest selling commercial plane of any type by far," said the company. Ranking second is the McDonnellDouglas DC-9 of which about 1,200 have been produced.

Mr Wilson said he thinks that Boeing's new 757 and 767 models will sell more units than the 727. The 727 was introduced in 1963. The peak year was 1968.

Roche group revenues increase 5%

By John Wicks in Zurich

TURNOVER of the Roche Group, made up of the companies controlled by F. Hoffmann-La Roche, the Swiss chemical group, and SAPAC, its Canadian holding company, rose by 4.9 per cent last year to SwFr 7.1bn ($3.51bn) after a 15.7 per cent increase in 1981. In terms of local currency, however, the growth rate went up from 18 to 20.9 per cent.

Among major activities, sales of the pharmaceuticals division showed a Swiss-franc increase of 1.6 per cent, the introduction of new products helping to counter stricter price control measures on the part of national authorities. A 5.9 per cent rise in the turnover of the vitamins and fine chemicals division was the result largely of the acquisition of Colborn-Dawes, the British company.

Elsewhere, sales of the diagnostics division rose by 48.1 per cent, a general rise in business being reinforced by two U.S. acquisitions, while sales of the instruments division rose 8.5 per cent. Turnover of the perfumes and flavourings division dropped simultaneously by some 1.9 per cent.

Allowing for fluctuations in exchange rates, the group expects a slight improvement in annual earnings. In 1981, net income had gone up 9.3 per cent to SwFr 253.1m ($125.3m).

Gain seen for Baloise

By Our Zurich Correspondent

BALOISE-HOLDING, the Swiss parent company of the Baloise insurance group, expects to show a higher profit in the financial year, ending May 31. A rise in average interest rates will give the company a corresponding rise in investment income.

In an interim report, the board has indicated that it will be able to pay an unchanged dividend of SwFr 14 per share and participation certificate.

Over the past calendar year, gross premium income rose by 9 per cent to SwFr 1.57bn ($771m). This included premiums of the Baloise Insurance Company, up 7 per cent to SwFr 934m and of the Baloise Life Insurance Company higher by 10 per cent at SwFr 587m.

J. C. Penney

The name of J. C. Penney, the U.S. retail group, was spelled incorrectly in yesterday's edition.

Ambrosiano studies bids for Swiss bank stake

BY JOHN WICKS IN ZURICH

THE BOARD of Banco Ambrosiano Holding (Luxembourg) is still examining offers for its 45 per cent stake in the Lugano-based Gotthard Bank, Dr Fernando Garzoni, chairman of Gotthard Bank said in Zurich yesterday.

Any decision of the board would be subject to approval from the commissioners appointed by the Luxembourg authorities, after the financial crisis of Banco Ambrosiano, Milan. The Italian bank holds a 70 per cent stake in the Luxembourg company.

An independent valuation of the Gotthard Bank stock had been made last August by auditors. This figure, intended to act as a basis for sale negotiations, was in excess of market value. The price question appears to have been a major factor in delaying a final transaction.

Dr Garzoni said that "various types of solution" were being looked at in respect of the intended stock deal. These might involve such moves as the creation of registered shares or, "in theory," the takeover of a majority shareholding in Gotthard Bank in connectioo with a public offering.

Both banks and "powerful non-banks with banking connections" are understood to be interested in acquiring the Ambrosiano holding stake. While it is generally assumed that most bids have come from abroad, Dr Garzoni stressed that Swiss buyers could be interested in certain solutions.

Dr Garzoni said that no set date was foreseen for the transaction, but expressed the hope that this would not take too long.

Gross profits of the Lugano bank rose by 77 per cent in 1982 to SwFr 61.3m ($30.3m). This has permitted an increase in the total of provisions and depreciation from SwFr 9m to SwFr 35.2m, largely in connection with the Ambrosiano link.

According to Mr Francesco Bolgiani, the managing director, however, noticeably less than 2 per cent of Gotthard Bank's consolidated assets are now accounted for by claims on the Ambrosiano group.

It was expected that the group's Bahamas company, which accounts for part of the claims in question, will be able to pay up to 90 per cent of its liabilities.

● Earlier, Nikki Kelly, reported from Nassau, that Banco Ambrosiano Overseas, now in liquidation, hoped to start paying creditors an interim dividend by mid-year. Liquidators for the Nassau subsidiary of Banco Ambrosiano Milan said that the final dividend, subject to adjustments and realisation of assets, is expected to reach 56 cents on the dollar.

This could rise to 84 cents if they succeeded in having the bank's debt to its parent subordinated to that of other creditors.

In their first quarter report to the Bahamas Supreme Court, the liquidators said that they had recovered $38.6m from banks and loan repayments, as of November 15 1982. Since then, another $7m had been recovered from New York after the courts there found no evidence to support allegations that creditors would be unfairly treated in the Bahamas.

INTERNATIONAL COMPANIES and FINANCE

Michael Thompson-Noel reports on the change of strategy behind the latest acquisition by Australia's largest company

BHP moves away from steel

WITH NEWS of its planned US$2.4bn purchase of Utah International from General Electric of the U.S., Broken Hill Proprietary — Australia largest company — has served notice that it has outgrown the local corporate scene, and is ready to take its place as a major international mining and resources leader.

Almost certainly, the move also implies a significant change of strategy — away from steel production, and more fully into the resources sectors that now account for so much of the "Big Australian's" profits: mining, minerals processing, and energy, particularly oil and natural gas.

To date, BHP's international operations have been largely confined to the A$1.6bn (US$ 1.55bn) Ok Tedi gold and copper mine in the jungle highlands of Papua New Guinea, in which it has a 30 per cent stake, minor oil-producing interests in the U.S., and oil-drilling ventures. For example, it is a member of a bidding group, led by BP as operator, seeking tender areas in the South China and Yellow Seas.

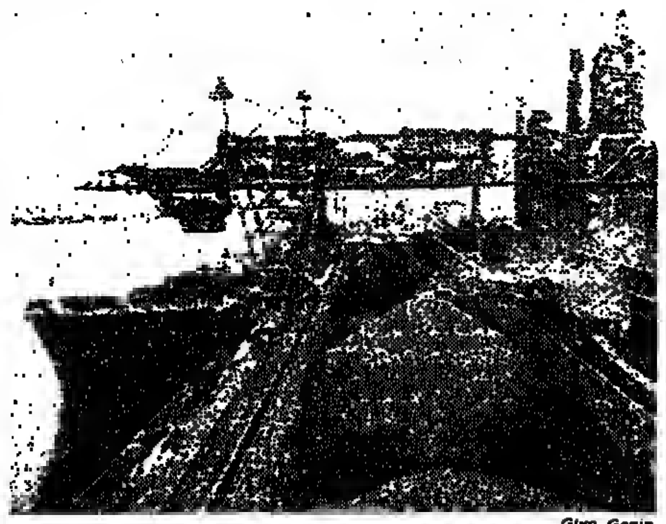
However, the acquisition of Utah would give BHP a glamorous portfolio of overseas resource interests — to say nothing of major additional coal interests in Queensland, Australia, which represent about 70 per cent of the Utah assets BHP is buying, and which it proposes to combine with its own extensive Queensland coal interests in an operation to be owned by a consortium in which BHP itself would take a 20 to 30 per cent stake.

In other words, Utah's Australian coal interests, assumed to be worth about US$1.6bn, would be paid for, from BHP's point of view, by the injection of its own Queensland coal interests into the proposed consortium, leaving it to find an estimated US$700m to US$800m to pay for Utah's remaining assets.

All told, the Utah businesses BHP is planning to buy had preliminary unaudited net earnings of U.S.$247m in 1982, on revenues of U.S.$1.3bn, whereas in the year to last May 31, BHP itself had net sales of A$4.9bn and net profits of A$365m.

The deal is expected to take about nine months to finalise, and is contingent on a number of conditions, including the negotiation of a definitive agreement, approvals by the BHP and GE boards, and the formation of the planned Queensland coal consortium by BHP, as well as financing arrangements and requisite government approvals.

At this stage, BHP foresees no hitches even though muted reservations, and outright criticisms, have been voiced in Australia. The criticisms are linked to the theory that BHP's aggressive expansion into international resources is being



Glyn Genin

The Broken Hill company's steelworks at Newcastle

bought at the price of a callous disregard for its steel business back home.

The key to the deal is BHP's plan to form a consortium that would own Utah's six mines in Queensland's Bowen Basin, which produce about 20m tonnes of coal a year and in 1982 had earnings of about A$132m, its own Queensland coal interests, which include the Gregory coking mine, and 58 per cent of the Thiess-Dampier-Mitsui (TDM) operation, the new A$300m Riverside Mine which is expected to start producing in 1984.

In total, TDM and Gregory would add about 8m tonnes of coking coal a year to the Utah total, and 2m tonnes of steaming coal. Last year the three operations supplied close to 15 per cent of Japan's total coking coal needs.

However, what will matter is the view taken by Utah's partners in Queensland. Utah International owns 89.2 per cent of the operating subsidiary, Utah Development Company (UDC). The other 10.8 per cent is owned by the publicly-quoted UMAL Consolidated.

In turn, UDC owns 76.25 per cent of Central Queensland Coal Associated (CQCA), the other shareholders being UMAL (4 per cent), Mitsubishi Development (12 per cent), and the Australian Mutual Provident Society (AMP), the country's largest life office and biggest non-Government investor (7.75 per cent).

They are bound to take a very cool look at the assets BHP is hoping to inject into the consortium, and indeed this week, Mr Alan Coates, general manager of the AMP, said he thought BHP might face "some difficulty" in putting the proposed consortium together.

But there are definite advantages on offer. Among them are the sharing of existing infrastructure, certain tax gains, the likelihood of CQCA (or its successor) gaining authority to mine as much as 380m tonnes of coal over and above its existing entitlement of 450m tonnes, and increased clout in negotiations with Japanese steel mills.

For BHP, the advantages of the deal, apart from the acquisition of the international resource portfolio already detailed (to which can be added a one-third stake in the Mount Goldsworthy iron ore venture in Australia), include management control of a 30m-tonnes-a-year coal giant, improved cash flow, and a sizeable boost to its profits.

All for what should prove a relatively modest final outlay that in the view of local analysts can be financed with very little damage to its balance sheet.

Where this leaves BHP's steel operation is anybody's guess. BHP has a monopoly of steel production in Australia. This is a privilege that in times past was an important money-spinner, but one that in the current depressed state of the world steel market, exacerbated by tough competition from Japanese and South Korean suppliers, is costing it dear.

To the fury of the steel unions, as well as Mr Neville Wran, the Labour Party premier in New South Wales, BHP coupled the announcement of its planned purchase of Utah with an almost-simultaneous revelation that it was sacking a further 1,500 steelworkers at its Newcastle plant in NSW, where the workforce has already dropped sharply. In addition, there have been more than 3,250 lay-offs at the Port Kembla steelworks since last May, with the certainty of more to follow.

Sir James McNeill, the BHP chairman, has stressed that the purchase of Utah and the prospect of more steel sackings are not related, and indeed, even in Australia, the view has gained ground in recent days that it would be absurd to blame BHP for seeking to move out of an activity that seems doomed to permanent unprofitability and into the glamour, limelight and the enhanced profitability of international resources.

As it happens, BHP has on the table a A$2.8bn plan to overhaul the Australian steel industry in return for much greater protection of the domestic market and more generous tax treatment.

However, the BHP steel plan may well stay on the table, given the growing realisation that, whatever the current misery in the steel towns, the "Big Australian" is not a social institution but an increasingly bold and aggressive private enterprise well able to stand on its own two feet.

Signetics to withdraw from the Philippines

By Emilia Tagaza in Manila

SIGNETICS FILIPINAS, a major semi-conductor manufacturer in the Philippines and a fully-owned subsidiary of Signetics Corporation of the U.S. is to close down this month its circuit assembly plant in Manila. The company has incurred heavy losses in the last two years because of falling demand in the U.S., its major market.

Sales volume had risen but their value had declined, and increased costs, including labour and power, had eroded earnings. The company said that all unfinished inventories from the Philippines' plant would be sent to Signetics' existing plants in South Korea and Thailand.

The Philippines' plant was set up in 1979 as a cost of 19m pesos (U.S.$2.2m). In 1981 the company said that it would launch a $10m programme of expansion into the manufacture of high-technology parts. The plan fell through when the company's U.S. parent decided to streamline its worldwide operations, maintaining only those overseas units giving higher returns on investment.

As a result of the plant shutdown 1,500 Filipino workers will lose their jobs and, last week, the company's workers union went on strike, demanding bigger separation pay.

Signetics' withdrawal from the Philippines comes at a time when the Government is trying to attract more foreign semi-conductor companies. Late last year, President Ferdinand Marcos declared additional tax incentives to semi-conductor companies and declared the sector a "vital industry." This is roughly defined by the Government as an investment area essential to national interest and where labour strikes are banned.

Semi-conductor exports have surpassed the earnings of sugar, coconut oil, and copper, traditionally the Philippines' top export earners. Semi-conductor microcomponent exports last year amounted to about $655m, roughly 12 per cent of total 1982 exports.

Bad setback to plan for Carrian debt rescheduling

BY ROBERT COTTRELL IN HONG KONG

ATTEMPTS to save Hong Kong's Carrian group from at least partial liquidation by means of debt rescheduling have suffered a severe setback. Bank lenders to Grand Marine Holdings (GMH), the group's quoted shipping subsidiary, have failed to agree to a draft scheme calling for a rescheduling of GMH's U.S.$450m of debt over the next ten years.

Agreement on the GMH scheme is one cornerstone of the debt rescheduling scheme now being proposed in draft form for Carrian's two master companies, the quoted property vehicle, Carrian Investments (CIL), and its unquoted parent, Carrian Holdings (CHL). In addition to its own HK$2.9bn (8450m) of debt, CIL's contingent liabilities include HK$1.8bn of guarantees and indemnities relating to GMH.

Wardley, the merchant banking arm of the Hongkong and Shanghai Bank, which is advising Carrian and which has drawn up the draft rescheduling schemes, had asked GMH lenders not to enforce loan guarantees given by Carrian and certain other parties while the proposed GMH scheme was in operation.

Wardley also set as a precondition for CIL's proposed debt rescheduling the receipt of a written agreement from CIL's contingent creditors that during the life of the CIL scheme—for which a 21-month first phase is proposed, starting April 1—they would not enforce guarantees or indemnities issued in their favour.

Under Wardley's draft proposals, if the CIL scheme did not go ahead, then neither would a parallel scheme for CHL, the unquoted parent. CHL has debts of HK$1.4bn, against shareholders' funds at November 30 1982 of minus HK$1.15bn. Both CHL and CIL stopped paying loan interest on January 6, pending the outcome of the rescheduling proposals.

An interim support package for GMH is now being sought, under which those banks with loans secured on GMH ships would take financial control of the vessels concerned, while management of the fleet would rest with GMH executives. If this interim scheme to keep GMH going succeeds, it would provide a breathing space for banks to attempt to redraw long-term proposals for GMH.

Most of GMH's 35 motor vessels carry related liabilities exceeding their estimated market value. Banks, which have the best loan security either in terms of the vessels' market value or charter income, may have little incentive to rejoin a new long-term scheme for GMH having once taken financial charge of the particular asset.

The immediate effect on CIL and CHL is at best to throw into grave doubt the possibility of starting-up debt rescheduling by April 1. Wardley's original proposals are in any case being re-drafted in the light of bankers' reservations. Several CHL and CIL banks have expressed doubts about certain aspects of the schemes, but none is yet known to have definitely rejected the principle of debt rescheduling. The CHL and CIL schemes require agreement of all banks owed more than HK$1m. Since 55 loan facilities are involved, some syndicated, the co-ordination of discussions is itself a complex task.

To complete legal documentation in time for April 1, positive commitments from all banks would probably have been needed by the end of this month. But CIL and CHL bankers are now likely to await developments at GMH, while the Chinese new year holidays in mid-February will further interrupt the discussion process.

More DTC registrations revoked in Hong Kong

BY OUR HONG KONG CORRESPONDENT

HONG KONG's banking authorities have revoked the registrations of three more deposit-taking companies, continuing the fall-out from liquidity problems which hit the local secondary banking sector in November last year.

The three DTCs are Axona International Credits and Commerce, Hongkong Deposit and Guaranty HKDG), and Tetra Finance (HK). All had been suspended since January 3. A fourth DTC, First Hongkong Credit had its registration suspended yesterday.

Axona ICC is part of the publicly-quoted Axona International (Holdings) Group, whose shares have been suspended since November 18. Tetra is an associate company of HKDG. The three DTC's are linked by cross directorships.

Axona and Tetra had turned first to local merchant bank Schroders and Chartered for advice o ntheir problems. Schroders, which had brought Axona to the market, resigned their advisory position on December 17, at which time HKDG announced that it was planning a scheme to restructure the indebtedness of all three DTCs.

The revocation order came yesterday from Mr Colin Martin, Hong Kong's commissioner for banks and DTCs, who said the three had failed to meet statutory minimum liquidity levels.

HKDG was believed to be looking for US$35m to restore the trio's liquidity position.

Papua New Guinea brewers to merge

By Georgie Lee in Singapore

S.P. HOLDINGS of Papua New Guinea, which is 80.5 per cent owned by Malayan Breweries, the Singapore-based brewery group, has secured control of San Miguel (PNG), its major rival in Papua New Guinea.

Neptunia (PNG), which holds 91.4 per cent of the issued capital of San Miguel (PNG), or 13.1m shares, has decided to accept the takeover offer

The takeover at 7 toea per share will cost S.P. Holdings about 1m kina, equivalent to about S$2.8m (US$1.35m)

Following the takeover, Malayan Breweries expects the combined breweries to achieve a reasonable level of profitability on completion of the rationalisation of production and distribution.

TECHNOLOGY

EDITED BY ALAN CANE

IT IS GOING TO BE A 16-BIT WORLD, SAYS INTEL

Battle lines for the microwars

BY ALAN CANE

A NEW order is being imposed on the U.S. semiconductor industry of such complexity and on such a scale that it would have been unthinkable a decade ago.

Although Silicon Valley has seen an increasing rate of start-ups over the past six years, according to the Semiconductor Industry Association's Quarterly Statistical Review, the capital intensity of chip manufacturing is "skyrocketing."

The SIA suggests that the cost of a standard five micron, four-inch wafer fabrication module giving capacity for 7,500 wafer starts a week can cost $30m today. In 1975, the cost was only $10m. By 1985 the kind of facility giving one to two micron capability will be $60m and more.

The cost of designing very complex chips is growing just as explosively and company revenues have and continue to be hard hit by the recession.

Semiconductor houses—traditionally high on talent and low on resources—have always needed extra financial muscle around them—the takeover of Zilog by Exxon and Fairchild by Schlumberger are examples. They have always sought cross licensing agreements to provide second sourcing for their most profitable products. The changes now emerging indicate a much more radical and far-reaching realignment of responsibilities and loyalties.

Look, for example, at Intel, the talent-rich chip maker from Silicon Valley credited with the invention of the microprocessor, the development of commercially successful bubble memory chips and the microcomputer-based database processor, among other innovations.

It is the centre of a web of relationships including:

1. A technology licensing agreement with IBM, the world's largest computer maker and producer of silicon chips.
2. A technology exchange agreement with Philips, one of the world's electronics major and Europe's biggest producer of silicon chips.
3. A technology exchange agreement with Zymos Corporation which will give Intel access to the Zymos computer aided design system in exchange for its proprietary complementary, high performance metal-oxide semiconductor process—this is a way of making semi-conductor chips which gives the twin advantages of fast processing coupled with low power consumption.
4. An agreement with Memorex, a manufacturer of IBM-compatible computer storage devices now part of Burroughs Corporation, under which Memorex will market Intel's information storage sub-systems—basically large boxes filled to the brim with Intel's memory chips which can be used to replace disc stores.

The agreement with IBM covers only Intel's 64 kilobit random access memory technology but just before the turn of the year, the two companies announced that IBM had taken a 12 per cent stake in Intel for $250m, pushing the $899.8m company into the semiconductor major league.

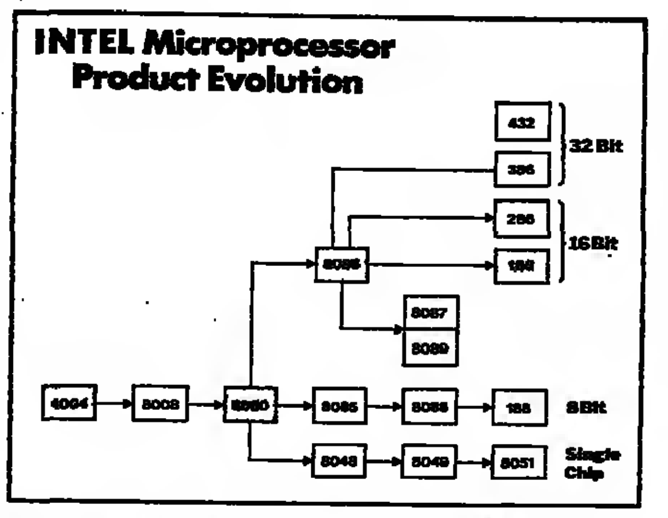
The announcement caused flutterings in the dovecotes of the electronics world—the customers and suppliers of both organisations—but the two corporations have insisted they will maintain an "arms length" relationship.

Intel welcomed the financial shot in the arm; its net income in 1981 was $27.4m on revenues of $788.7m compared with $96.7m in 1980 on revenues of $854.6m. Last year was marginally better: $30.0m on $899.8m, and Gordon Moore, Intel chairman, predicted gloomily: "We enter 1983 with no real sign of an upturn visible."

IBM, for its part, clearly needed Intel's technological leadership. Simply spending research dollars does not guarantee success in silicon. IBM was one of the companies to incorporate a 64K dRAM in its products, but most industry experts considered it too large and too slow.

Intel sees the acceptance of industry standards as crucial to development without unnecessary duplication. "We are fascinated by standards," Mr David Mayes, Intel's Northern European Marketing Manager said: "We do not care where they come from."

Intel and Digital Equipment, in fact, are the major supporters of Xerox Corporation's Ethernet standard proposals — the company is working on the chip set which puts computers and other devices in touch with each other over coaxial cable in this best known of all local area networks.



Evolution of Intel's product line. The company hopes the 186 will become the industry standard 16-bit device

Mr Mayes shrugs off criticism that Ethernet has already been rendered obsolete by more sophisticated systems: "Ethernet is the most practical implementation of a local area network standard—it is the one of preference at this moment," he argues.

But the major battle for Intel is the battle for the standard 16-bit chip. Intel (Marcian Hoff, actually) invented the microprocessor in the form of the 4-bit 4004 in 1971. (4-bit means it handles four binary digits at one time, 8-bit eight and so on.) Its 8-bit device, the 8080, became the industry standard until Zilog (formed by Intel breakaways) improved the architecture with the Z80 and Z80A.

Intel believes that the 16-bit device will satisfy most future computing requirements: "The bulk of the world will standardise on the 16-bit microprocessor," Mr Mayes argues. "Most applications do not require the power of a 32-bit device. Those that do include computer-aided design and manufacture, robotics and telecommunications."

Sixteen-bit devices will be the choice for, say, personal computers. The IBM Personal Computer uses an Intel processor, one called the 8086 which combines the features of an 8-bit and a 32-bit machine. Intel is staking its future on a pair of new chips which it believes will become industry standards. "The 16-bit battle is perceived as between Intel and Motorola," Mr Mayes asserts. Texas Instruments and National Semiconductor see things a little differently.

The two new Intel chips, the 186 and the 286, trade off performance against price. The 186, which the company perhaps sees as the reincarnation of the 8080 for the 16-bit world, has about double the performance of the 8086, but it is a true computer on a chip. Speed has been sacrificed for density—and low price. The 286 is several times faster but has fewer features on the chip and is much more expensive.

Who will win the 16-bit battle is still wide open; the Motorola 68,000 16-bit device is highly regarded. But the stakes are high. It cost about $50m to design the 8086 by hand — about $100 a transistor.

Intel still spent $131m on research and development last year. RnD was 7.8 per cent of revenue in 1974, 10 per cent in 1979 and between 14 and 15 per cent for the past two years.

The SIA Review is available from IPI on 01-221 0998.

LANDA SYSTEM COMES TO BRITAIN

Dusseldorf company goes for UK copying market

LAUNCHED in the UK by Copier Services of London (01-253 1123) is the Landa copying process from Savin GmbH of Dusseldorf.

According to Copier Services, some 20,000 LTT (liquid toner technology) machines have been converted to the Landa process in the last year in the U.S. and continental Europe.

The process is said to greatly improve copy quality and to widen the range of paper on to which the machines will copy.

The development is relatively simple, but apparently very effective. Instead of rolling the paper into direct contact with the electrostatically charged drum, the image is transferred to the paper over a small air gap.

It is claimed that a higher print density is obtained and sharper images result because the toner is "placed" on the paper surface instead of being squashed by contact. A new toner, exclusive to the process, is also used.

An important advantage is that it becomes possible to copy on to paper that might have an uneven or rough surface.

The new process will be available in the UK for the conversion of any machine that uses the Savin process, principally those supplied by Nashua and Kalle Infotec. The process, supplied in the form of a conversion kit, can often be installed in an afternoon.

GEOFFREY CHARLISH

Insurance

Computer rescue company

A MOBILE fleet designed to keep companies in business if their computer installations are wrecked, has been set up in the Midlands. For an annual premium of from £2,000 a year, Anglo American Computing Services reckons to provide a company with a fully-operation system within 24 hours.

The service is designed to take over after disasters such as fire or flooding, and save the need for a back-up computer system.

More from Anglo American at Anglo American House, Main Street, Shenstone, Staffs. (0543-481042).

Measuring

Polyethylene gauge

THE THICKNESS of blown film polyethylene materials can be measured as they are being produced using a new non-contacting gauge from Infrared Engineering of Maldon, Essex (Tel: 0621 52244).

Known as PM4, the instrument relies on the fact that, on transmission through the film, infrared energy of a certain wavelength is absorbed selectively in relation to some reference wavelength to give a measure of the thickness. The measuring range is from 10 to 300 microns and the accuracy for polyethylene and similar polymer film is plus or minus one micron.

Readings are not affected by colouring pigments or metallic fillers, although for heavy block materials the instrument may have to be recalibrated.

Measurements are normally made at the layflat section immediately following extrusion and the continuous readings appear on a digital display. A moment-by-moment output is available for use when the plant is to be operated under direct automatic control.

Calculating

Versatile answer

A NEW digital readout planimeter, the Planix 7, is claimed to be the versatile answer to calculating areas from all types of drawings and plans. The instrument, made by Tamaya, has an accuracy of better than 0.2 per cent, and a range of 300mm width and unlimited length.

It converts from imperial to metric scale at the push of a button and also features zero setting, a hold and accumulative measuring button, and can average multiple measurements of the same area. A rechargeable battery gives 30 hours' operation. Weight is 500 grams and the instrument costs £495.

More details from: Hall and Watts, 266 Hatfield Road, St. Albans, Herts (0727-35686).

Software

Philips package

PHILIPS Business Systems has launched a software package aimed at insurance brokers for use on the company's P3500 microcomputer. The package has been designed specifically for high street brokers and can carry out such tasks as renewals, extension cover notes, reminders and memos to insurers. These are backed by full accounting support in the form of insurers account reconciliation, audit trails, client statements and security print-outs.

Controls

Turnbull system

TURNBULL Control Systems has introduced a low-cost process control system called Micro-Vis. This is now being used to control a cement grinding mill at Ipswich, which is owned by Blue Circle Cement.

The system, costing about £35,000 for this application, controls clinker and gypsum feeds into two mills, one of which has typical production rates of 70 tonnes/hour of Portland cement and 35 tonnes/hour of Ferrocrete, depending on the mix used.

The Micro-Vis uses a 16 bit microprocessor for high speed data acquisition and signal processing. Each monitoring instrument also incorporates a microprocessor for fault diagnosis and stand alone operation. More information available on 0903 205277.

Offices

Scientific papers

A WAY OF drawing chemical structures into the text of scientific papers, drug analysis, research report or patent application has been added to the word processing system, the Exxon 500 series. The addition, known as the Text-Formula chemical option, allows basic benzene rings, double and multiple fused structures to be drawn within basic text.

The option was developed by Exxon Office Systems to meet the needs of a number of international chemical and pharmaceutical companies as well as university laboratories. The company says it allows anyone to type complete chemical documents with drawings mingled easily among the text. More information is available on 01-534 6677.

Programs

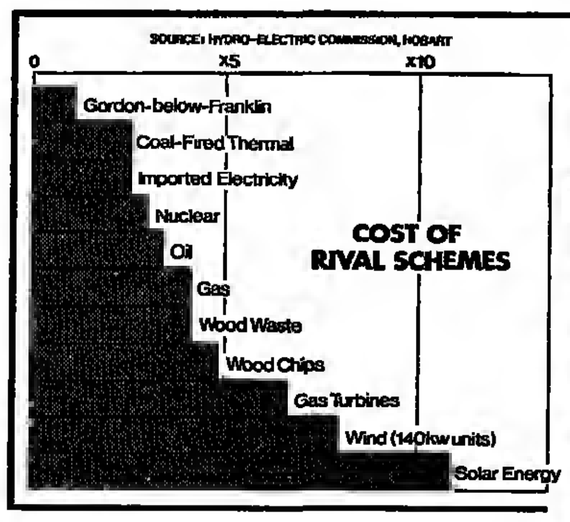
Stag design

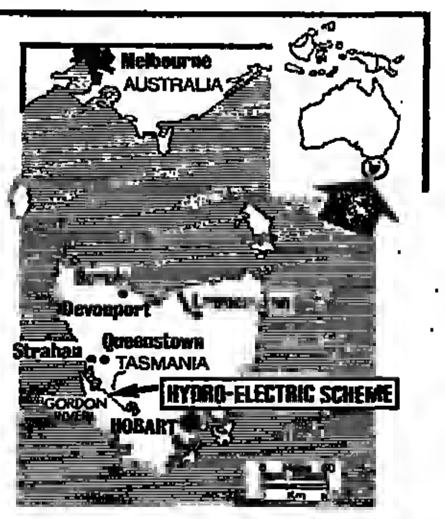
A DEVICE capable of programming up to 16 microprocessor chips simultaneously has been introduced by Stag Electronic Designs, Welwyn Garden City. Designated the PP16A, it is also capable of programming erasable programmable read only memories (EPROMS). More information is available on 96 32148.

ENERGY REVIEW

Why Tasmania's wilderness row is assuming national importance

By Michael Thompson-Noel, recently in Tasmania





Brana Radovic

PERCHED on the edge of the Roaring Forties, off Australia's south-eastern tip, the island state of Tasmania learnt very early on how to harness the streams, rivers and lakes that account for so much of its natural beauty.

Today, the Tasmanian Hydro-Electric Commission (HEC)—an autonomous semi-government body—operates 102 dams and 24 power stations with an installed capacity of 1,860 Mw, so that what is Australia's biggest hydro-electric system sustains a clutch of major industries in what is virtually an all-electric state.

But if Tasmania is all wired-up, it is also plugged into a bitter controversy over plans by the HEC and the Liberal State Government of Mr Robin Gray, the Prime Minister, to install a 180 Mw hydro scheme on the Gordon River in Tasmania's south-west wilderness.

The dam is due to be built at a point below the Gordon's confluence with the Franklin River—hence its description, the Gordon-below-Franklin.

As well as providing extra power, the scheme, costing A$530 (£329m), is expected to provide several thousand jobs in a state suffering the worst unemployment in Australia.

All of which is fine—except that the site chosen for the dam is in one of the world's great wildernesses, in an area recently awarded a UNESCO World Heritage listing.

The conservationists are up in arms and the Federal Government is worried. Tasmania, however, is sticking to its guns. And, because of the importance of the Tasmanian wilderness, the controversy has now assumed crucial political significance within Australia, and sparked renewed discussion of state-federal rights—mainly because it looks like being a red-hot issue in this year's general election.

Recently, Mr Malcolm Fraser, the Prime Minister, offered a compromise: a federal grant of A$500m to pay for a coal-fired power station as an alternative to the Gordon River hydro scheme. The offer was rejected.

In Australia there was severe criticism of Mr Fraser, mainly from the Australian Labour Party and the Democrats, who oppose the dam. It was a put-up job, claimed Mr Fraser's opponents, aimed at bolstering Liberal Party standing in the run-up to the election. This was a slap in the face for Mr Fraser, whose record on environmental issues is good.

In addition, the rebuff of Mr Fraser by Mr Gray provoked Dr Bob Brown, a newly-elected Tasmanian State MP and leader of the Tasmanian Wilderness Society, to say he would strenuously oppose the Federal Liberal coalition Government in the federal election, on the grounds that Mr Fraser has not done enough to intervene in the dispute. Senator Don Chipp, leader of the Democrats, has claimed that 21 marginal Liberal seats could fall on the issue.

The Wilderness Society has 60 branches, and an annual turnover of more than A$750,000. Since last November, more than 550 of its supporters have been arrested for protesting at the dam site.

Tasmania's first economic role was that of granary to the parent colony of New South Wales. For the first half-century after settlement, in 1803, its growth was based on wheat, wool and convict labour.

A mining boom in the second half of the 19th-century formed the backbone of the second stage of growth and then dovetailed

Up to 21 Liberal seats could fall on the issue

neatly into stage three: hydro-industrialisation. Among the first big industrial concerns to plug into cheap Tasmanian hydro were Electrolytic Zinc (now EZ Industries), Cadbury (the British chocolate maker), the Mount Lyell copper mine and the cement works at Railton (now Goliath Portland Cement).

All told, the HEC now has 19 bulk-contract industrial customers, whose activities include mining, metal refining and smelting, chemicals, pulp and paper, and woodchips.

On the whole, Tasmanians are a quieter, more conservative, breed than mainland Australians. However, despite the fact that their island economy is heavily subsidised by Canberra they are fiercely proud of their achievements and resources.

Mr Gray cites Tasmania's rich farmlands, abundant forests and minerals, ample water for hydro-development, and magnificent scenery. He says Tasmania produces the world's finest wool; that its potential for dairying seems almost unlimited; and that its industries, including paper, paint, sawmills, industrial metals and machinery, textiles, and food and beverages, are major employers and solid export earners.

However, the Tasmanian economy, like that of the mainland, is at present under siege, thanks mainly to the slump in commodity values. Unemployment exceeds 12 per cent.

According to Mr Gray the greatest potential for ensuring growth and job-creation rests with the processing of many of the products that Tasmania now exports unprocessed, or partly processed. These include minerals, timber, vegetables and primary produce. Hence the importance, in his view, of the Gordon-below-Franklin hydro scheme.

In a recent mainland advertising campaign—"A watertight case for Tasmania's new dam"—costing A$75,000, the State Government and the HEC explained that water power was Tasmania's only major economical energy resource. The HEC says that power from its oil-fired Bell Bay power station, built in 1970-71 and not used much to date, costs about 6.5 cents to 7 cents a kwh, against about 1 cent per kwh for the stateside average.

Planning, says Tasmania, is based on a projected electricity demand growth of about 2.5 per cent a year, much less than the 7 per cent a year experienced in the past, and about half the rate expected elsewhere in Australia. However, it insists that it needs the extra capacity represented by the Gordon River scheme. About 70 per cent of the new capacity will be needed for domestic, commercial, and light industrial use, and the rest for expansion of existing medium-to heavy industry, and for attracting new industries. On Tasmania's figures, forecast load will exceed generating capability by about 1990.

Before recommending the Gordon-below-Franklin scheme, says the State Government, the HEC analysed all possible alternatives (see table) but found them to be too expensive.

Tasmania has no natural gas, and only modest quantities of low-grade coal, contained in narrow seams. However, last month, Shell Australia announced that a coal find at Mount Nicholas, close to the railway to Bell Bay, would be enough to support a 150 Mw power station for 40 years.

Dr Brown, of the Wilderness Society, said that the coal would be a "prudent alternative" to the hydro scheme, but Premier Gray rejected the idea, partly on ideological grounds.

The cost of the Gordon-below-Franklin scheme is put at A$530m, to be financed by HEC funds and public market borrowings. Spending in the current financial year is estimated at A$15m. Physical construction of the dam is unlikely to start before 1987, with commissioning of the power station planned for 1990-91.

The project calls for a single dam and single power station, with the combined waters of the two rivers being used to generate the equivalent of 180 Mw average, which is more than four dams of the existing Gordon Stage I. The current stage is Gordon Stage II. Beyond 1990, the HEC has further plans for the south-west wilderness, though whether it will get to them seems very much in doubt.

The HEC claims work on hydro schemes in Tasmania, creates 3,500 jobs. It says its biggest industrial customers, together with its own operations, have created 40,000 jobs, about one-in-four of every employed Tasmanian.

The authorities admit there will be some flooding but say that only the lower third of the 127 km Franklin will be affected and that the scheme will only flood "1 per cent of the area of south-west Tasmania."

The Government says the precipitous areas of the Franklin's Great Ravine, are well upstream of the proposed flooding. It maintains that Gordon Stage II will prove a tourist drawcard by opening up nearly inaccessible wilderness.

However, according to the conservationists, the scheme would not only flood the lower Franklin, but reduce the south-west wilderness by an estimated 16 per cent; affect a rich collection of varied, obscure and often endemic species, from the orange-bellied ground parrott to the broad-toothed rat to numerous crustacea and a host of plants; destroy important ancient aboriginal cave networks; threaten temperate rainforests, 2,000 years old; and possibly help introduce weeds, pests and plant disease. In short, they say it would destroy the heart of a world-class wilderness for a mere 180 Mw of power for which there are alternatives to hand.

In addition to their concern for the environment, the no-dammers are abrasively critical of many of the arguments in favour of the hydro scheme, particularly those concerning jobs.

For example, the South West Tasmania Committee of New South Wales claims that in total, a single-unit 200 Mw thermal station using Tasmanian coal from the Fingal Valley would generate 32,200 job years, against 25,540 job years spread over the estimated construction and operating life of the hydro scheme.

The conservationists also claim that maintenance of the HEC construction force must be balanced against employment opportunities lost elsewhere. For 1982-83, the HEC's capital works allocation is A$138m (+22 per cent on 1981-82) out of total planned public capital expenditure in Tasmania of A$386m.

In any case, it is claimed, despite early successes, it is now clear that hydro-industrialisation in Tasmania is a failure.

According to one conservation study: "The industries which benefit from it do not provide many jobs for the amount of electricity that they consume. They do not provide any new jobs in return for increases in their electricity consumption and they do not create many jobs indirectly."

The study claims that in the basic metals sector (which includes Comalco, Temco and EZ Industries), the number of jobs fell by 20 per cent between 1969 and 1978 while electricity use rose by 25 per cent. Over the same period, it says, manufacturing employment in Tasmania fell by 16 per cent whereas in the 1970s overall employment grew by 9.1 per cent.

There is still widespread support for the Gordon River scheme among ordinary Tasmanians—who approved it in a referendum and in a state election. But support is now wavering under the impact of outside scrutiny.

Yet the remarks served up to me in Hobart (by a government employee) remain reasonably typical. "What's the use of the river?" I was asked. "It's a dirty big gorge — bloody dangerous and with virtually no wildlife. There are heaps of other rivers on the west coast for people who want to float down them."

Michael Barnard, a writer for The Age, of Melbourne, added recently that the south-west wilderness was so vast, rugged and dense with trees that many people would not find an eventual dam if dropped within five kilometres of it.

Yet for Prof David Bellamy, the British botanist arrested recently for protesting at the dam site, the issue is one of preserving what is left of the wilderness in a world of expanding deserts, disintegrating soils, and an increasingly chemico-plastic lifestyle.

"I hope it is going to be a victory," said the professor, shortly before being clapped in Hobart lock-up. "But if it is a defeat, the world has got to know that Australia has done a pretty bloody shady thing."

Half-year gain boosts Gold Fields shares

BY KENNETH MARSTON, MINING EDITOR

IN A generally buoyant market in South African gold shares yesterday those of Gold Fields of South Africa jumped £5¾ to £78¼ following the half-year results. They show a net profit of R66.3m (£40.5m) compared with R50m in the same period of the year to last June and that year's total of R131.6.

The interim dividend, covered 2.3 times by earnings, is maintained at 180 cents the previous year's final was 320 cents.

Investment income has risen in line with higher payments received from the group's gold investments, which include the best of the South African mines.

Sharedealing revenue has jumped in the half-year to R7.4m from only R400,000 in the previous 12 months. The increase reflects the strong revival in the gold share market during the period. In that time the FT Gold Mines index rose from 203.7 to 556.5. It was 699 yesterday.

By the same token net assets of GFSA rose in the past half year to 19,063 cents (£116.38) per share compared with 9,005 cents at June 30 (just the gold share market pulled out of its downtrend) and 12,501 cents at the end of 1981.

There is little doubt that GFSA will achieve further income growth in the rest of the current year to June 30. This is a comfort to London's Consolidated Gold Fields which owns 48 per cent of the South African company and which is doing less well with its other interests, especially those in the U.S.

Hopes are that GFSA will raise its final dividend. As far as the size of any likely increased is concerned, though, it should be borne in mind that Mr Robin Plumbridge, the chairman, commented on the 1981-82 annual report that the dividend cover of 1.8 provided by earnings for that year was below that the group would like to see in the longer term.

Loss of UK electricity authority contract could hurt Rossing

BY OUR MINING EDITOR

THE DISCLOSURE that the UK Central Electricity Generating Board does not intend to renew its uranium purchasing contract from the Rio Tinto-Zinc group's Rossing mine in Namibia needs to be put into perspective.

The contract, which expires in 1984, covers a total supply of 7,500 tonnes of uranium to the CEGB over the years 1978 to 1984. The annual amount of uranium involved compares with Rossing's annual production, which has been running at about 5,000 tonnes since 1978.

All Rossing's sales are covered by contracts, many of which are long term and run for periods of between 10 years and 20 years. Part of their lifespan has been already passed, of course, but the company reckons that they are still sufficient to keep the company going for about five years.

By the end of that time it is hoped that the market for uranium will have picked up, but in the meantime it remains depressed and there is keen competition for sales.

Because Rossing produces a low ore grade it is essential for it to be able to operate at a high capacity in order to hold costs in check; otherwise production could fall to levels at which the operation becomes uneconomic.

Rossing's contribution to RTZ in the first half of last year rose by £3.1m to £13.5m, largely because of the exchange rate advantage arising from the fall in the South African rand against the U.S. dollar in which sales are made.

Presumably it will have made a similar contribution in the second half, although the value of the rand was picking up in that period. This year Rossing will become liable for full tax although the impact of this will be softened by the deferred tax provision built up in past years. Results of RTZ for 1982 are due in April.

Inco battery interests to net $200m

BY GEORGE MILLING-STANLEY

CANADA'S INCO, the loss-making nickel producer, will receive around U.S.$200m (£132m) in total from the disposal of its battery and related products businesses.

Of this figure, the company has received, or will receive, about half in cash, with the remainder in the form of notes and equity interests retained in the businesses sold.

The financially-pressed nickel producer has now substantially completed its planned withdrawal from the businesses carried on by its Inco ElectroEnergy Corporation subsidiary, with the sale for notes of Exide Corporation.

The buyer is a new company formed by the Spectrum Group, a Los Angeles-based management and investment company, and First Chicago Investment Corporation.

Under the terms of the agreement, Inco will receive a large minority interest in the company formed by the purchasing group to manage the Exide operations, and payment in cash for a portion of the notes.

Exide makes batteries and battery chargers for motor vehicles, industrial uses and other speciality applications, and had sales of about U.S.$250m last year in the U.S. and Canada.

This leaves Inco to concentrate on its core nickel-producing operations in Sudbury, Ontario, and represents the culmination of a strategy embarked upon a couple of years ago when world prices for nickel started to fall.

Reed falls £15.7m at nine months

By Our Financial Staff

A DROP in profits from the overseas side for the nine months ended January 2 1983 has left taxable profits of paper, publishing and printing group Reed International £15.7m lower at £40m (£55.7m), after a third quarter fall from £17.7m to £13.9m.

Sales for that quarter expanded from £412.1m to £447m and lifted the total for the nine months to £1.31bn, against a previous £1.24bn. These were split between UK and exports, £990.5m (£943.8m previously) and overseas £322m (£300.8m).

Operating profits amounted to £52.7m, compared with £65.3m. Although there was an increase in UK contribution from £36.5m to £39.8m, this was more than offset by a drop from the overseas side to £12.9m against £28.8m.

At the six months stage the directors said that the drop in group profit — £28.1m against £38m — was almost entirely from the overseas operations. These had been effected by the continuing recession, particularly in North America, and margins had remained under pressure. The overseas profit at halfway was £11.1m (£21.1m).

Pre-tax profit for the 53 weeks ended April 4 1982 increased from £50.4m to £71.6m and the group paid a dividend total of 14p. A similar interim of 4p net per share has been paid for the current year so far.

Tax charge for the nine months was £17.3m (£13.2m) and after minority interests of £0.1m (same) the attributable balance came out well down at £22.6m, compared with £42.4m.

Earnings per share are shown to be almost halved at 19.1p, against a previous 37.4p.

The directors point out that during the third quarter, the investment in Odhams (Watford) was sold to the British Printing and Communication Corporation and that the loss on disposal, estimated at some £19m, will be reported as an extraordinary item.

Lex, Page 14

FINANCING COSTS HIT AMERICAN BRANDS' UK SUBSIDIARY

Gallaher down £5m for year

BY OUR FINANCIAL STAFF

GALLAHER, the tobacco, cigarette, cigar and snuff manufacturer, suffered a £3.2m ($5m) fall in final quarter pre-tax profit to £20.2m, compared with the same period last year. This left figures for the full 1982 year at £75.1m, against £80.4m previously.

Mr S. G. Cameron, the chairman, points out that the fall in the 12 months figures was due to the cost of financing acquisitions and stocks — interest charges rose sharply from £4.1m to £15.4m.

Trading profits for 1982 were 7 per cent ahead at £90.5m (£84.5m). Although those for the fourth quarter (£23.2m) were below the exceptional level of the previous year (£25.7m) they were regarded as "very satisfactory."

The trading contribution from non-tobacco interests rose 30 per cent to £26m for the full year, representing 29 per cent of the group total which, the chairman says, indicates the "progress of diversification."

Group sales for 1982, excluding VAT, expanded from £1.93bn to £2.23bn. A divisional breakdown of these and trading profits shows: tobacco £1.68bn (£1.48bn) and £65.7m (£64.7m); optical £67.1m (£50.5m) and £11.3m (£8.9m); pumps and valves £82.9m (£71m) and £4.7m (£0.5m); distribution £458.2m (£425.2m) and £7.9m (£10.1m); and office products £53.5m (£10.2m for 2½ months) and £2.1m (£0.5m).

Inter-divisional sales accounted for £114.7m (£112m) and adjustments, consisting of exchange differences and differences between opening and closing unrealised profits on inter-divisional sales, amounted to £1.2m (£0.2m).

Mr Cameron says that although in the domestic market, total industry sales of cigarettes were down by nearly 8 per cent due to trade destocking, the impact of the tax increases and the recession, Gallaher raised its market share, with its Benson and Hedges Special Filter, Silk Cut King Size and Berkeley Brands doing well.

In cigars, the group went against the market trend and achieved a 2 per cent volume gain, helped by buoyant sales of Hamlet. Its share of a lower pipe tobacco market also rose. There was a small share decline in the roll-your-own tobacco sector and exports from the UK continued to be encouraging. Overall, the total UK based tobacco business raised its trading profits by 3.8 per cent.

The group's overseas tobacco companies, helped by an excellent performance by Niemeyer in West Germany, achieved a combined trading profit rise of 21 per cent.

In the optical division, benefits from acquisitions and developments in 1981 and the growth of the manufacturing operations contributed to satisfactory results.

A major profits turn-round in pumps and valves was achieved in 1982. Industrial demand worldwide continued depressed, and the improvement came on the irrigation pump side and from reorganisation benefits.

The distribution division's contribution was below the previous year's performance. Nevertheless, all the companies traded profitably and Forbuoys had a record year.

In its first full year after acquisition, results of office products group Ofrex were below expectation. The principal British companies showed satisfactory growth; the main problems were in overseas subsidiaries and in the industrial sector.

Lex, Page 14

■ GALLAHER

Tobacco, optical products, pumps & valves—wholly owned by American Brands

Year to Dec 31	1982	1981
	£	£
Sales	2.23bn	1.93bn
Pre-tax profit	75.1m	80.4m
Tax	33.3m	10.6m
Attributable profit	—	—
Earnings per share	—	—
Dividend	—	—

■ REED INTERNATIONAL

Manufacture of paper and paper products

Half-year to Jan 1*	1983	1982
	£	£
Sales	1.31bn	1.24bn
Pre-tax profit	40m	55.7m
Tax	17.3m	13.2m
Attributable profit	—	—
Earnings per share	19.1p	37.4p
Dividend	—	—

* Nine months

■ COWAN DE GROOT

Manufacture of electrical equipment, machinery and toys

Half-year to Oct 31	1982	1981
	£	£
Sales	17.33m	22.73m
Pre-tax profit	230,000	421,000
Tax	70,000	109,000
Attributable profit	344,000*	248,000
Earnings per share	0.7p	1.8p
Dividend	1p	1p

* loss

Brentnall Beard accounts qualified

BY JOHN MOORE

SHAREHOLDERS of Brentnall Beard (Holdings), the insurance and reinsurance broker, have been told by the group chairman, Mr Maurice Fullerton, that the delay by Lloyd's in deciding whether group subsidiaries should continue to act as Lloyd's brokers "has adversely affected our efforts to expand the business."

In his statement accompanying the report and accounts Mr Fullerton says that although three and a half years have passed "since our two broking companies were informed by the Committee of Lloyd's that they proposed to consider whether these companies should continue to be allowed to operate as Lloyd's brokers, no steps have been taken in this matter by Lloyd's.

"From the discussions I have had, however, I am hopeful that as soon as the legal actions brought by individuals involved in the Sasse affair against both Lloyd's and two of our subsidiary companies have been dealt with satisfactorily the Committee of Lloyd's will abandon any enquiries into our affairs.

"In this connection you will have read much recently in the media about alleged misconduct in the direction of certain Lloyd's broking companies and other Lloyd's businesses and I would like to take this opportunity to reassure you that this company has no involvement in any of these alleged scandals."

A note to the accounts, which are qualified by the auditors, Touche Ross, explains the background to the Lloyd's investigations. Two wholly owned subsidiaries, Brentnall Beard International and Brentnall Beard Ltd., are involved in proceedings arising out of the losses incurred by Lloyd's insurance syndicate 762, once headed by Mr Frederick Sasse.

The proceedings are being defended by Brentnall Beard International and Brentnall Beard Ltd. Amounts claimed against these two companies have not yet been quantified.

Lloyd's own review of whether Brentnall Beard International and Brentnall Beard (London) should remain as Lloyd's brokers was initiated on the grounds that certain Lloyd's procedures were not properly followed. Brentnall Beard (London) had been included in the Lloyd's review solely on the grounds that it is a fellow subsidiary of Brentnall Beard International.

The accounts also disclose that Brentnall Beard is still pursuing legal action over a contract against Robert Bradford of Canada, whose ultimate holding company is Minister Assets. Under the terms of the contract in August 1980 Robert Bradford of Canada agreed to take over the operations of Deslauriers Wilkin and Associates from 1 September 1980.

The amount claimed is C$760,000 damages plus expenses incurred by Deslauries Wilkin and Associates *on account of Robert Bradford of* Canada since September 1 1980, which expenses at the date of the commencement of the action totalled C$88,797.

Hambros disposal raises £39m funds

BY ALAN FRIEDMAN

HAMBROS BANK has raised £39m ($60m) by selling a major part of its shareholding in Hambro Life, the associate company which has been the largest single contributor to Hambros Bank group profits.

The share disposal is designed for two purposes: to provide funds for additional shipping loss provisions resulting from the bank's involvement in the collapse of the Norwegian shipping group Reksten and to help bolster the bank's capital base.

Hambros *has placed* 13.8m Hambro Life shares with institutional investors, bringing its stake down from around 37 per cent to 25.4 per cent of the associate's issued capital. The remaining 30m shares in Hambro Life are described by the bank as "a long term investment" and Mr John Clay, a deputy chairman of the bank, said last night there was no plan for further disposals of assets.

Last year Hambro Life contributed £5.1m of dividend income to Hambros, out of a total after-tax group profit of £11.8m. Hambros Bank said yesterday the disposal of shares would in no way affect the close links which exist between the two companies.

After subtracting brokerage fees and other expence, the Hambro Life share disposal will net the bank £38m. Of this amount between £5m and £10m is to be used to reduce the group's short-term borrowings.

The shipping loss provisions for the year ending March 31, 1983 are expected to total around £12m before tax; the actual provision will be substantially lower than this. In the year to last March Hambros Bank made a net provision of £15.9m for shipping losses, covered by a transfer from the bank's hidden reserves.

With this year's Reksten provision added in, the shipping loss provisions by Hambros Bank since 1975 are thought to total between £60m and £70m.

The share placement was handled by stockbroker Rowe and Pitman and the shares are understood to have been placed at about 285 per share.

Shares in Hambro Life had stood at 318p before news of the sale and closed last night at 300p. The shares of Hambros Bank, meanwhile, *dropped 7p yesterday to close at* 130p, after touching a low of 128 during the day.

Lex, Page 14

Zetters Group confident for full year

ZETTERS Group achieved a 9 per cent rise in half-time pre-tax figures in line with its chairman's forecast of improved profits this year. Its football pools sector was mainly responsible for this increase.

The directors are confident that tha progress made in the first half will be maintained throughout the full year ending March 31, 1983. Taxable profits for the six months to the end of September rose from £489,920 to £511,859, on a little changed turnover of £6.1m (£6.13m).

It is expected that the better showing by the football pools division in the first half will be maintained for the rest of the year. The directors explain that while this is encouraging, the main cause will be a mild winter so far, and not a buoyancy within the industry, which they say is badly affected by a penal betting duty and general conditions.

The group's bingo operations have also benefited from the very mild winter. As a result, better profits will be made, in spite of the trading restrictions which continue to prevail.

First-half turnover of bingo, cinema and hotel activities amounted to £2.7m, compared with £2.73m. On the football side, gross stakes received were £9.5m, against $9.48m, less payments to pools winners and betting tax totalling £6.09m (£6.07m).

Hesitation on orders leaves IDC behind

IDC GROUP saw its profits fall by £106,000 to £1,112,000 for the year ended October 31, 1982. At the halfway mark, profit had risen by £264,000 but the directors foresaw the year's result falling "somewhat short" becauses of delays with some clients who were taking longer to make major capital commitments. IDC designs and constructs industrial and commercial buildings.

Earnings are virtually unchanged at 13.1p (13.2p), while the dividend is pushed up from 5.565p to 8.122p net with a final of 4.568p.

The value of work executed during the year came to £41.72m, against £40.96m. After tax of £227,413, compared with a credit of £790,851 *arrived at after* "clawing back" stock relief of £1,113,082, the net profit was shown at £884,803 (£2m).

Dividend cost is £299,462 (£266,327) after waivers by the chairman and his family totalling £114,868.

BASE LENDING RATES

A.B.N. Bank ... 11 %	Gulf G'tee Trust Ltd. 12 %
Allied Irish Bank ... 11 %	■ Hambros Bank ... 11 %
Amro Bank ... 11 %	Hargrave Secs. Ltd. ... 11 %
Henry Ansbacher ... 11 %	Heritable & Gen. Trust 11 %
Arbuthnot Latham ... 11 %	■ Hill Samuel ... §11 %
Armco Trust Ltd. ... 11 %	C. Hoare & Co. ... †11 %
Associates Cap. Corp. 11 %	Hongkong & Shanghai 11 %
Banco de Bilbao ... 11 %	Kingsnorth Trust Ltd. 12 %
Bank Hapoalim BM ... 11 %	Knowsley & Co. Ltd. ... 11½%
BCCI ... 11 %	Lloyds Bank ... 11 %
Bank of Ireland ... 11 %	Mallinhall Limited ... 11 %
Bank Leumi (UK) plc 11 %	Edward Manson & Co. 12 %
Bank of Cyprus ... 11 %	Midland Bank ... 11 %
Bank Street Sec. Ltd. 10½%	■ Morgan Grenfell ... 11 %
Banque Belge Ltd. ... 11 %	National Westminster 11 %
Banque du Rhone ... 12 %	Norwich Gen. Tst. ... 11 %
Barclays Bank ... 11 %	P. S. Refson & Co. ... 11 %
Beneficial Trust Ltd. ... 12 %	Royal Trust Co. Canada 11 %
Bremar Holdings Ltd. 12 %	Roxburghe Guarantee 11½%
Brit. Bank of Mid. East 11 %	Slavenburg's Bank ... 11 %
■ Brown Shipley ... 11 %	Standard Chartered ... ■11 %
Canada Perm't Trust 11½%	Trade Dev. Bank ... 11 %
Castle Court Trust Ltd. 11½%	Trustee Savings Bank 11 %
Cayzer Ltd. ... 11 %	TCB ... 11 %
Cedar Holdings ... 11 %	United Bank of Kuwait 11 %
■ Charterhouse Japhet... 11 %	Volkskas Intl. Ltd. ... 11 %
Choulartons ... 11½%	Westpac Banking Corp. 11 %
Citibank Savings ... ¶ 9 %	Whiteaway Laidlaw ... 11½%
Clydesdale Bank ... 11 %	Williams & Glyn's ... 11 %
C. E. Coates ... 12 %	Wintrust Secs. Ltd. ... 11 %
Comm. Bk of N. East 11 %	Yorkshire Bank ... 11 %
Consolidated Credits... 11 %	
Co-operative Bank ... *11 %	
The Cyprus Popular Bk 11 %	
Duncan Lawrie ... 11 %	
E. T. Trust ... 11 %	
Exeter Trust Ltd. ... 12 %	
First Nat. Fin. Corp. 13½%	
First Nat. Secs. Ltd. 13 %	
Robert Fraser ... 12 %	
Grindlays Bank ... ‡11 %	
■ Guinness Mahon ... 11 %	

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%, 1-month 8.25%. Short-term £8,000/12-months 10.6%.
† 7-day deposits on sums of: under £10,000 8%, £10,000 up to £50,000 9%, £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
§ 21-day deposits over £1,000 9%.
‖ Demand deposits 8%.
¶ Mortgage base rate.

UK COMPANY NEWS

PERSONAL COMPUTER PUTS NEW LIFE INTO A FINANCIALLY TROUBLED TOYMAKER

Mettoy's year of the Dragon

BY ROBIN REEVES

THE DRAGON 32 personal computer was simply a gleam in the eye of Mr Tony Clarke, Mettoy's finance director, 18 months ago.

It was launched in volume production at the company's Swansea plant only last August. But the market response has been such that Dragon Data, the company now responsible for its manufacture, last weekend moved into a 50,000 sq ft advance factory at Kenfig, in Wales, so that it could more than double output from 2,000 to 5,000 units a week.

In the words of Mr Clarke, now Dragon Data's managing director, this newcomer to the personal computer market "has taken off like a supersonic jet."

Conceived as a radical diversification from Mettoy's traditional die-cast toy business, Dragon Data was unable to keep up with demand in its previous facilities. It has also outstripped the capacity of the financially-troubled Mettoy group to fund its expansion.

Late last year Mettoy had to seek outside backing to raise an extra £1m ($1.56m) in working capital immediately over and above the £250,000 the company had already sunk in the venture.

As a result Prutech, the high-technology investment arm of the Prudential Insurance Group, has now taken a 40.74 per cent stake in Dragon Data. The Welsh Development Agency holds 22.1 per cent and the National Water Council Pension Fund, Fountain Development Capital Fund, Foreign and Colonial Enterprise Trust and the executives of Dragon Data a further 18.53 per cent—leaving Mettoy with only 18.81 per cent.

Eyebrows were raised in UK financial circles at news of this deal. Mettoy appeared to be disposing of a potential crock of gold, just when it was most needed. But Mr Clarke is in no doubt that Mettoy has secured an attractive arrangement, given its present financial circumstances.

Apart from its existing shareholding, Mettoy has also retained the option to buy back up to 35 per cent of the Dragon Data shares in the next three years. Mr Clarke says that profits on Dragon 32, plus two complementary products to be launched this year, would reach £3m-£5m in 1983 on an anticipated turnover of £35m-£45m, which will give Mettoy a very good return on its investment of just £250,000.

Without outside involvement, it would have been impossible to maximise profits on a product which probably has a life cycle of about two years. Although the UK personal computer market grew in value by an estimated 40-50 per cent last year, and is expected to do the same again this year, the technology will inevitably move on. And a number of new personal computers are due to be launched by rival companies soon.

Dragon 32 grew out of a suggestion by a Swansea University College micro-electronics graduate that Mettoy should make small computers for universities and other specialist users. The idea ended up on Mr Clarke's desk because, he says, as finance director he was regarded as the only person in Mettoy who understood computers.

A specialist product was rejected on the grounds that it was an unknown market to Mettoy. But it sparked an interest and between June and the end of August 1981, a model had been designed to draw on Mettoy's marketing strengths and to take on major competitors in the field—notably Sinclair, Commodore and Atari.

Mettoy decided that its computer had to have a cartridge socket for games, an easy connector for a joystick and sufficient memory for serious computer use, without the purchaser having to go out and buy expensive extras. Manufacture was to be as capital intensive as possible.

The upshot was a prototype incorporating an eight-bit Motorola 6809 microprocessor, a basic interpreter from Microsoft Incorporated of Seattle (it would have taken two or three years to iron out a programme for the machine from scratch) and a professional keyboard—all retailing for just under £200.

Any reservations among Mettoy's directors about full-scale production were removed by a visit to the Personal Computer World Show in London in September, 1981. The sight of thousands of children hammering away at keyboards convinced even the most sceptical of the potential.

At this stage Mettoy did not know much about computers, unlike its main rivals in the field. But it did know a lot about the manufacturing economics of quality plastic moulding and precision engineering in volume products, and also a great deal about distribution and marketing. Its traditional skills have been an essential ingredient in Dragon 32's success.

The Kenfig factory will increase the Dragon Data workforce from 50 to 150. It will be geared up to meet orders for the UK, European and Commonwealth markets. Export orders already total £20m.

Discussions are under way to establish a joint manufacturing venture in the U.S., where Mr Clarke believes there is a market for 250,000-500,000 Dragon 32s, selling at $300 (£195) a time, provided local manufacture and distribution problems can be ironed out.

UK venture capital pioneers seek new funds for the North

BY TIM DICKSON

THEY ARE the same size and about the same age, both are concentrating on the North of England, and both have management links with American venture capitalists.

That is how Mr Arthur Ward, Director of Regional Affairs at the British Technology Group (BTG), explains the proposed link between Anglo-American and Rainford, two of the earliest UK venture capital funds.

Rainford is a private sector backed fund—launched in February 1980 with money from six shareholders including Pilkington Brothers, the Prudential Assurance, and the Industrial and Commercial Finance Corporation (ICFC). Anglo-American was launched in November 1980 by the National Enterprise Board, now part of the BTG.

The new fund which has a combined capital of £4m, aims to become a significant force in UK venture capital and plans are being hatched for a further fund-raising from institutions which will take its total resources to around £8m ($12.5m) by the end of the year.

Details of how the two parties will be brought closer together have not yet been finalised, but a new management team is being recruited which will call on the expertise of Mr Jack Melchor, the Californian who has hitherto managed Anglo-American, and Venture Founders, the U.S. company whose UK subsidiary manages Rainford.

Observers of the UK venture capital scene point out that besides the aforementioned symmetry the new bedfellows have something else in common—more than their fair share of problems in their early years. Venture Founders and Mr Melchor, for example, have both been disappointed by the flow of good deals coming their way, though the BTG has consistently pointed out that it is unfair to compare UK experience with that of Silicon Valley.

London-based venture capitalists also argue that many of the best opportunities for investment lie in the South-east and that by limiting themselves to the North of England—Rainford was set up to back companies in the St Helen's area, Anglo-American is restricted to the Assisted Areas—the two funds have had an inherent disadvantage.

This point is hotly disputed by Mr Arthur Ward and Mr Peter Shepherdson, general manager of Rainford. "So many funds are now concentrating on the M4 corridor between London and Bristol," comments Shepherdson. "I think the North of England deserves its place."

"We have got six investments at the moments and we are looking seriously at another eight. What people often fail to understand is that it can take a long time to set up a deal and we sometimes have to send people away for a year or two before they are ready for venture capital."

Mr Ward says: "The environment in this country is changing. There are far more people prepared to give up equity than when we started. We are seeing many more companies with growth potential."

Mr Ward adds that the link up with Rainford comes when Anglo-American would in any case have been revising its strategy. "We knew at the beginning that the fund had to have a UK-based management and that the original plan was experimental. We have learnt a great deal from the American approach and will continue to build on this experience."

Under future arrangements, Mr Melchor will be employed on a consultancy basis. For the moment he has scrapped plans to launch his own private-sector fund and will spend one week each year with the new Anglo-American/Rainford managers.

He has sold back his share of the management company to the BTG for £500, though he retains options to invest in the five companies which Anglo-American has already backed.

Although Anglo-American has concentrated to date on growth prospects in the electronics and computer related fields, the combined funds will look to all sectors for future opportunities.

GOLD FIELDS GROUP

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT

for the six months ended 31 December 1982

The unaudited consolidated profit for the six months ended 31 December 1982 is as follows:—

	6 months ended 31 December 1982 R million	6 months ended 31 December 1981 R million	Year ended 30 June 1982 R million
Revenue			
Income from investments	61.6	50.2	131.3
Surplus on realisation of investments	7.4	0.3	0.4
Income from fees, interest and other sources	29.5	24.6	49.2
	98.5	75.1	180.9
Expenditure and amounts written off	23.6	22.3	43.4
Administration, technical and general	14.9	14.3	24.5
Interest	1.6	1.5	3.1
Drilling and prospecting	7.1	6.5	14.7
Written off	—	—	1.1
Profit before tax	74.9	52.8	137.5
Tax	8.1	2.6	5.2
Profit after tax	66.8	50.2	132.3
Minority shareholders' interest	0.5	0.2	0.5
Profit attributable to members	66.3	50.0	131.8
Listed Investments:	At 31 Dec. 1982 R million	At 31 Dec. 1981 R million	At 30 June 1982 R million
Stock Exchange value	2,905.2	1,668.8	1,301.0
Book value	251.0	255.2	258.6
Excess over book value	2,654.2	1,413.6	1,042.4
Earnings per share — cents	406	306	807
Dividends per share — cents	180	180	500
Times dividends covered	2.3	1.7	1.6
Net assets (as valued) per share — cents	19,063	12,501	9,005

NOTE:

Dividend

The final dividend of 320 cents per share in respect of the year ended 30 June 1982 was declared on 17 August 1982 and paid on 8 October 1982 absorbing R52.3 million.

DECLARATION OF INTERIM DIVIDEND

Dividend No. 70 of 180 cents per share has today been declared in South African currency, payable to members registered in the books of the company at the close of business on 18 February 1983.

Warrants will be posted to members on or about 22 March 1983.

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 18 February 1983 in accordance with the abovementioned conditions.

The register of members will be closed from 19 to 25 February 1983 inclusive.

Registered and Head Office:
Gold Fields Building
75 Fox Street
Johannesburg
2001

On behalf of the board
R. A. Plumbridge, Chairman } Directors
P. W. J. van Rensburg

London Office:
49 Moorgate
London EC2R 6BQ
1 February 1983

United Kingdom Registrar:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Associated Fisheries profits recover

BY OUR FINANCIAL STAFF

PRE-TAX profits of Associated Fisheries amounted to £1.86m for the year to September 30, 1982. This compares with the previous year's figure of £2m which included a fishing subsidy of £1.6m. Sales moved ahead from £82.64m to £89.23m.

It is too early, according to the directors, to predict the outcome of the current year to September 30, 1983, but they hope that last year's level of group profit will be maintained.

The net final dividend has been raised to 2p (1.75p), which brings the year's total to 2.25p against 2p. Earnings per 25p share moved ahead from 7.85p to 10.01p.

Trading losses incurred on trawling and its associated activities were reduced to £235,000 from £1.31m in 1981, reflecting the drastic scale-down of the fleet in recent years, say the directors. A very substantial charge, however, has been made in respect of the group's investments in a number of partnership fishing vessels. Owing to adverse economic conditions in the industry, these vessels had either to be sold or laid up for sale during the year.

The continuing recession put trading margins throughout the rest of the group under increasingly competitive pressure, but this was partially alleviated by the increased turnover.

The group maintained a satisfactory level of financial liquidity throughout the year, which produced net interest and investment income of £298,000 (deficit, £89,000).

The recent agreement by the EEC on a Common Fisheries Policy has involved considerable sacrifice by the UK, but is nevertheless welcomed as the best settlement obtainable and one which should provide the foundation for the future security of the British fishing industry.

■ ASSOCIATED FISHERIES

Operation and Management of fishing vessels, processing and distribution of fish

Year to Sept 30	1982	1981
	£	£
Sales	89.23m	82.64m
Pre-tax profit	1.86m	2m
Tax	57,000	1.02m*
Attributable profit	—	—
Earnings per share	10.01p	7.85p
Dividend	2.25p	2p

*Credit

Sales decline leaves Prestige £1m lower

BY OUR FINANCIAL STAFF

PRESTIGE GROUP's results continued to be affected in 1982 by depressed trading conditions in the UK and most other markets where it operates.

After being £257,000 behind at the halfway stage, the profit for the full year has declined by £1.17m to £5.46m. The third quarter, the directors state, suffered particularly from a sales drop throughout the group.

They feel, however, that the group is in a sound position to make progress in 1983, as a result of actions taken to improve competitiveness and efficiency in all aspects of the business. They are holding the 1982 dividend at 6.875p net per share, the final payment being 4.375p.

The group makes and sells domestic housewares, and is controlled by American Home Products of New York. Its sales for 1982 came to £55.83m, compared with £64.2m previously which included £3.6m by subsidiaries sold at the end of that year.

Earnings for the year were reduced from 21.3p to 17.8p, before extraordinary charges of £445,000 (£351,000). This year's charge comprised all expenditure already incurred or foreseeable (including termination payments) in connection with factory and office reorganisations in the UK and overseas, less £265,000 proceeds from the sale of the surplus land and buildings in Belgium which were written down to nil as an extraordinary item in 1981.

At the end of the year, the balance sheet was strong, with cash and short-term deposits, net of overdrafts, of £7m, against £3.45m a year earlier.

The annual report and accounts will be posted on March 1. The annual meeting is called for March 23.

■ PRESTIGE GROUP

Manufacture and distribution of domestic housewares

Year to Dec 31	1982	1981
	£	£
Sales	55.83m	64.2m
Pre-tax profit	5.46m	6.63m
Tax	2.21m	2.75m
Attributable profit	2.81m	3.52m
Earnings per share	17.8p	21.3p
Dividend	6.875p	6.875p

Continued growth for Unitech in first half

BY OUR FINANCIAL STAFF

UNITECH has shown a 30 per cent increase in sales and a 45 per cent growth in profit for the half year to November 27, 1982. This reflects the consolidation of the Erie group and a strong UK market.

Sales were up from £39.9m to £52.07m and profit from £1.47m to £2.13m. Excluding the Erie Group, the increases were 16 and 25 per cent respectively. The group manufactures electronic components and equipment.

Orders and sales have continued to rise, reports chairman Mr Peter Curry. He expects an increase in profit for the second half. In the corresponding period last year, the group made £2.3m and paid a final dividend equal to 2.45p. The current interim is being stepped up from the equivalent of 1.4p to 1.54p net.

Mr Curry says the German operations continued to be disappointing, but action to reduce operating costs further should ensure profitable trading there by the end of the year.

The half-year's profit was struck after £958,000 (£604,000) interest paid. Deducting tax £1.02m (£635,000) and minorities £3,000 (same), leaves the net attributable profit at £1.1m (£832,000), of which £583,000 (£528,000) is absorbed by the dividend. Earnings are shown at 2.9p (2.2p).

■ UNITECH

Manufacture of electronic components and equipment

Half-year to Nov 27	1982	1981
	£	£
Sales	52.07m	39.9m
Pre-tax profit	2.13m	1.47m
Tax	1.02m	635,000
Attributable profit	1.1m	832,000
Earnings per share	2.9p	2.2p
Dividend	1.54p	1.4p

Associated Newspapers faces £4.6m tax bill

BY CHARLES BATCHELOR

ASSOCIATED Newspapers Group (ANG), publishers of the Daily Mail and part owners of the London Evening Standard, could face a £4.6m ($7.18m) tax bill resulting from redundancy payments made after the closure of the London Evening News.

The company is disputing the Inland Revenue's view and has made no provision in its latest accounts.

ANG paid out about £20m in redundancy money to the 1,750 employees of the Evening News when it merged its London evening newspaper interests with those of Express Newspaper in October 1980. The two newspaper groups are joint owners of London's only evening paper, the Standard.

The Inland Revenue has not accepted that tax relief is available on some of the redundancy costs, ANG disclosed in its report and accounts for the year to September 30.

"If the Inland Revenue's view prevails, the taxation charge would be increased by approximately £4.6m," ANG disclosed.

"The directors have been professionally advised that, notwithstanding the views of the Inland Revenue, there are substantial grounds for considering that the expenditure concerned does rank for taxation relief and accordingly no provision has been made," it added.

The dispute centres on the amount of redundancy money paid and the issue of whether ANG was still in the business of newspaper publishing after the Evening News closure.

The Inland Revenue considers that since the company is still in this business its payments were £10m more than should have been.

Deloitte Haskins & Sells, ANG's auditors, said they had included a note on the tax disagreement for the first time in the 1982 accounts because there had been "a discernible change of attitude by the revenue towards redundancy payments in general."

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§108	F.P.	18/1	200	140	Baltic Leasing 5p	200	......	b2.8	3.5	2.0	15.8
‡‡	F.P.	—	16	12	Booth (Charles) 5p	18	......	—	—	—	—
§100	F.P.	22/4	105	100	Br. Kidney Pat. As.	105	......	—	—	—	—
¶215	195p	22/4	64	47	Britoil 10p	47	−3	b9.8	1.8	8.7	8.0
§74	F.P.	21/1	158	103	Canvermoor	147	......	b3.64	2.0	3.5	16.7
65	F.P.	7/1	123	98	GarfunkelsRest. 10p	114	......	b1.85	3.2	2.3	14.9
§17	F.P.	21/1	38	24	Inn Leisure 5p	33	−1	ud.42	3.7	1.8	16.5
§130	F.P.	14/1	190	155	Memory Comp Ir10p	187	+4	bQ28.8%	5.5	1.3	28.4
§190	F.P.	4/3	388	350	Microgen	355	......	b4.0	2.0	1.5	36.3
§155	F.P.	7/1	258	200	Munford & White	225	......	b2.8	2.4	1.8	36.8
‖	F.P.	—	177	149	NMW Computers	158	......	g3.0	2.8	2.7	18.7
§93	F.P.	4/2	196	145	Resource Tech. 10p	185	......	—	—	—	35.n
§62½	F.P.	31/12	150	108	SlatersFoodPrds10p	143	+5	b3.0	3.n	3.0	15.1
§120	F.P.	—	123	105	Swindon Priv Hos £1	106	......	—	—	—	—
§10½	F.P.	—	70	11	Tops Estates 10p	72	+14	—	—	—	—
§150	F.P.	18/2	340	265	WightCollinsR-S10p	285	−5	bd2.75	3.3	1.4	11.8
—	F.P.	3/3	38	23	Yorks &Lancs.W'rrnts	25	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	90	89	Anglo-Nordic 10% Cnv. Uns. Ln. 1989	89	......
97.504	£25	4/3	29½	18¾	BOC 12¼% Uns. Ln. 2012-17	18½	......
99.431	£20	10/4	21⅞	12	Birmingham 11½% Red. 2012	12	−¼
[illegible]	£10	24/8	11¼	11	East Surrey Water 7% Red. Pref. 1988	11	......
¶¶	F.P.	—	130	86	European Inv. Bk. 11% Ln. 2002	86¾	+¼
—	—	—	99	99	Nationwide Bdg. Soc. 11⅞% Bds. 23/1/84	99	......
§97.174	£25	6/5	24¼	22	Pearson (S) 15% Uns. Ln. 2007	22½	−½
96.35	£25	8/7	25⅝	23½	Sweden 13⅝% Ln. Stk. 2010	23¾	+¼
¶¶	F.P.	18/2	90	88	Transcont. 9% Cnv.Ret.Uns.Ln.Nts.1993	88	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date		1982/3 High	1982/3 Low	Stock	Closing price p	+ or −
25	F.P.	28/1	18/2	244	94	Arlen Elec.	244	+59
90	F.P.	28/1	18/2	117	108	Bellway	116	−1
50	Nil	8.2	9/3	5pm	1½pm	Cluff Oil 'B'	1½pm	−½
90	Nil	—	—	54pm	54pm	Grosvenor Group	54pm	......
60	F.P.	14/1	11/2	76	65	ICL	76	+1
45	Nil	14/3	11/3	10pm	5pm	LCP	10pm	+1
27	Nil	—	—	5½pm	5pm	Mount Charlotte	8pm	......
95	Nil	7/2	21/3	24pm	18pm	NSS News 10p	18pm	+4
68	Nil	8/3	29/4	5pm	8pm	Stakis 10p	5pm	......
470	F.P.	11/1	11/2	595	525	Wolseley-Hughes	580	+20

Renunciation date usually last day for dealing free of stamp duty. Fr French Francs. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. N Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ♦ Merger bid or reorganisation in progress. ▲ Dividend and yield based on prospectus or other official estimates for 1983-84.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	Jun. Vol.	Jun. Last	Sept. Vol.	Sept. Last	Stock
O FL C	F.985	125	8	105	9	—	—	F.270.15
O FL C	F.275	37	2.20	25	4	—	—	"
O FL C	F.280	—	—	5	2.50	—	—	"
O FL P	F.260	3	2.50 B	—	—	—	—	"
O FL P	F.265	131	4.60	104	8	—	—	"
O FL P	F.270	2	5.50 B	15	11	—	—	"
O FL P	F.275	1	8.50 B	11	13.50	—	—	"
		Feb.		May		Aug.		
GOLD C	$350	10	164	—	—	—	—	$509.25
GOLD C	$375	—	—	5	144	—	—	"
GOLD C	$425	21	87	52	87	20	108	"
GOLD C	$450	384	59	38	77	9	95	"
GOLD C	$475	113	53	78	60	—	—	"
GOLD C	$500	245	21	170	51	15	53	"
GOLD C	$550	86	5	907	35	—	—	"
GOLD P	$400	—	—	22	1.50	—	—	"
GOLD P	$450	—	—	325	7	—	—	"
GOLD P	$475	57	4.50	57	14	12	94	"
GOLD P	$500	152	8	70	25.50	—	—	"
GOLD P	$550	5	42	44	57	—	—	"
12¾ NL 81 87 83								
C	F.127.50	—	—	42	4.70	—	—	F.152.50
C	F.130	—	—	50	4	—	—	"
C	F.155	342	0.50	36	2.50 A	—	—	"
P	F.150	168	0.80	—	—	2	3.50	"
P	F.135	100	3.50	—	—	—	—	"
10¼ NL 80 86 95								
C	F.112.50	—	—	5	2.50	—	—	F.113.50
11½ NL 82 88-82								
C	F.107.50	100	8.50	—	—	—	—	F.113.10
C	F.112.50	20	3.50	2	4.50 A	15	5	"
C	F.115	10	1.60	—	—	1	4	"
C	F.117.50	40	0.50	4	1.90	—	—	"
10 NL 89 86 89								
C	F.102.50	55	4.80	—	—	—	—	F.108
10 NL 82 11 86-89								
C	F.307.50	9	4.30	—	—	—	—	F.132.10
C	F.312.50	23	0.50	—	—	—	—	"
7¾ NL 82 89 83								
C	F.100	150	1.10	50	1.80	—	—	F.100.60
C	F.102.50	—	—	528	0.80	—	—	"
P	F.100	—	—	10	1.50	—	—	"
7½ NL 85 87 80								
C	F.102.50	—	—	505	0.60	—	—	F.99.80
		April		July		Oct.		
AKZO C	F.35	80	5.50	108	5.40	—	—	F.40.20
AKZO C	F.40	141	2.90	74	3.90	—	—	"
AKZO P	F.25	50	0.30	—	—	—	—	"
AKZO P	F27.50	30	0.50	20	0.70	—	—	"
AKZO P	F.40	97	9.50	—	—	—	—	"
AMRO C	F.50	114	1	—	—	—	—	F.43.10
AMRO P	F.40	21	2.20	—	—	—	—	"
GIST P	F.110	22	1.50 B	46	—	—	—	F.130.50
NEIN C	F.110	120	7.50	—	—	—	—	F.109.30
NEIN P	F.100	105	3	—	—	—	—	"
NEIN P	F.110	80	8	—	—	—	—	"
KLM C	F.180	47	19	—	—	—	—	F.157.20
KLM P	F.330	—	—	29	4.40	—	—	"
KLM P	F.120	121	3.40	—	—	—	—	"
KLM P	F.130	47	5.40	—	—	—	—	"
KLM P	F.140	40	7.50	—	—	—	—	"
KLM P	F.150	53	11.50	—	—	—	—	"
KLM P	F.360	98	18.50	—	—	—	—	"
NEDL C	F.90	20	4.80	—	—	—	—	F.91.50
NEDL P	F.90	38	5.90	—	—	—	—	"
NEDL P	F.100	28	10.20	20	15.50	—	—	"
NATN P	F.120	18	2.50	—	—	—	—	F.125.80
PHIL C	F.25	22	7.50	—	—	—	—	F.32.50
PHIL C	F.27.50	301	5	40	5.30	—	—	"
PHIL C	F.30	490	5.20	140	3.40	77	4.20	"
PHIL C	F.32.50	428	1.80	494	9	71	9.80	"
PHIL P	F.25	50	0.40	—	—	—	—	"
PHIL P	F.27.50	140	0.40 A	78	0.70	—	—	"
PHIL P	F.30	88	0.90	214	1.40	25	2.20	"
PHIL P	F.32.50	272	1.80	350	2.80	7	3.50 B	"
RD C	F.90	40	7	—	—	13	10.50	F.90.30
RD C	F.100	72	2.50	101	3.50	37	5.60	"
RD P	F.80	37	0.80	43	3.80	—	—	"
RD P	F.90	55	2.70	25	4.50	17	5.40	"
RD P	F.100	32	8.80	10	10.50 B	17	12	"
		Feb.		May		Aug.		
VW C	DM.350	30	4	—	—	—	—	DM150

TOTAL VOLUME IN CONTRACTS 10,898

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls April	Calls July	Calls Oct.	Puts April	Puts July	Puts Oct.
BP (USP 308)	280	38	—	—	8	—	—
"	300	28	32	40	20	24	30
"	330	7	14	22	38	46	50
"	360	3	5	—	60	64	—
CGF (USP 551)	390	167	170	—	1½	4	—
"	420	137	140	—	3	3	—
"	460	97	105	—	7	13	—
"	500	85	80	92	13	25	30
"	550	40	58	82	37	49	52
CTD (USP 77)	70	11	14	15	9	4	5
"	80	5	8	10	5	7	10
"	90	2	—	—	14	—	—
CUA (USP 145)	120	29	31	—	9	4	—
"	130	20	24	—	4	5	—
"	140	13	17	20	10	12	15
"	160	5	2	11	22	25	26
GEC (USP 199)	180	28	33	42	5	8	11
"	197	13	—	—	12	—	—
"	200	—	24	27	—	18	20
"	217	3	—	—	22	—	—
"	220	—	10	—	—	26	—
"	237	3	—	—	42	—	—
"	240	—	7	—	—	46	—
"	260	2	5	—	64	64	—
GMH (USP 532)	240	100	—	—	1	—	—
"	260	80	—	—	3	—	—
"	280	60	68	—	5	4	—
"	300	40	48	—	8	7	—
"	330	21	28	55	14	17	12
"	360	9	16	22	33	34	37
ICI (USP 334)	260	132	—	—	3	—	—
"	280	119	—	—	2	—	—
"	300	22	100	—	2	3	—
"	330	38	70	—	4	3	—
"	360	54	42	48	11	15	20
"	390	18	28	34	36	39	36
"	420	8	16	29	46	50	54
LS (USP 285)	240	48	—	—	2	—	—
"	260	28	36	42	5	8	11
"	280	17	24	51	11	13	30
"	300	7	11	—	32	38	—
M & S (USP 205)	160	49	—	—	3½	—	—
"	180	38	37	40	3	5	7
"	200	18	23	28	10	32	13
"	220	9	13	18	18	33	27
"	240	4	3	—	38	42	—
SHL (USP 404)	360	50	—	—	—	—	—
"	390	33	34	44	15	17	22
"	420	32	20	30	34	38	49
"	460	3	30	—	70	72	—

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
BBL (USP 430)	350	—	—	—	1	—	—
"	360	71	77	84	1	5	12
"	383	—	—	—	1½	—	—
"	390	41	46	55	2	15	22
"	420	12	28	35	7	24	30
IMP (USP 139)	90	41	41	—	0½	1	—
"	100	31	31	—	0½	1	—
"	110	21	31	24	1	9	3
"	120	11	13	17	2	5	5
"	130	4	7½	11	3	10	11
LMO (USP 257)	260	10	27	35	15	27	27
"	280	5	20	25	30	37	42
"	300	3	12	15	47	54	57
"	330	9	7	18	80	80	82
"	360	2	3	—	110	110	—
"	390	2	3	—	140	140	—
LNR (USP 22)	60	41	—	—	0¾	—	—
"	70	31	—	—	1	—	—
"	80	21	22	24	1	2	2½
"	80	11	13	15	1	4	5
"	100	4	8½	10	4	10	11
P & O (USP 115)	100	17	21	24	1	3	5
"	110	7	15	18	2	5	8
"	120	3	8	13	7	8	15
"	130	1	5	8	15	18	23
"	140	1	9½	—	93	27	—
"	160	0½	1	—	45	46	—
RCL (USP 464)	390	75	—	—	1	—	—
"	420	43	—	—	2	—	—
"	460	13	35	45	20	25	30
"	500	9	17	60	48	44	44
"	550	9	9	15	92	94	94
"	600	2	3	8	148	144	144
"	650	1	9	—	199	194	—
RTZ (USP 552)	350	299	—	—	—	—	—
"	380	192	—	—	1	—	—
"	390	362	137	—	1	1	2
"	420	139	137	137	1	9	8
"	460	92	100	112	1	3	14
"	500	59	77	60	4	18	27
"	550	14	47	54	20	35	40
VRF (USP$118)	48	2	—	—	0½	—	—
"	60	68½	—	—	0½	1	—
"	55	68½	—	—	0½	1	—
"	60	58½	59	—	0½	1	—
"	70	48½	46½	42	0½	3	—
"	80	38½	38½	39	0½	1¼	—
"	90	28½	28½	29½	0¾	1¾	3
"	100	18½	91	24½	0¾	5	6½
"	110	8½	13½	20½	2	8	11
"	120	3½	11½	17	3½	14½	18

Feb. 1 Total Contracts 2,531 Calls 1,853 Puts 378

هكذا عند التحميل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 — 01-623 1288

Black Horse Man. Fd.		215.69	.....	—
Managed Inv. Fd.	146.62	154.39	.....	—
Property Fd.	144.54	152.15	.....	—
Fixed Interest Fd.	132.24	144.47	.....	—
Cash Fd.	130.49	137.36	.....	—
Income Fd.	141.81	149.28	.....	—
Extra Income Fd.	[illegible]	[illegible]	.....	—
Worldwide Growth Fd.	186.72	[illegible]	.....	—
Balanced Fd.	[illegible]	[illegible]	.....	—
Smlr Co's & Recy. Fd.	[illegible]	[illegible]	.....	—
Int. Technology Fd.	[illegible]	[illegible]	.....	—
Nth. Amer. & Gen. Fd.	131.42	[illegible]	.....	—
Energy Int. Fd.	84.99	[illegible]	.....	—
Pacific Basin Fund	113.27	119.24	.....	—

British National Life Assurance Co. Ltd.
Harlands Rd., Haywards Heath. — 0444-414111

Equity	91.3	96.2	.....	—
International	102.2	107.6	.....	—
Property	97.5	102.6	.....	—
Deposit	95.4	100.4	.....	—
Fixed Interest	[illegible]	[illegible]	.....	—
Managed	[illegible]	101.6	.....	—
Equity Pens Cap	90.1	[illegible]	.....	—
Intnl. Pens. Cap.	103.4	[illegible]	.....	—
Property Pens Cap	97.7	102.8	.....	—
Deposit Pens Cap	[illegible]	[illegible]	.....	—
Fixed Int Pens Cap	92.6	97.4	.....	—
Managed Pens Cap	96.6	101.7	.....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Feb 1		85.2	.....	—
Retmt. Fed. Jan 7		204.4	.....	—
Managed Pen Fund	167.0	175.8	.....	—
Property Pen Fund	[illegible]	[illegible]	.....	—
Index Linked Pen Fund	[illegible]	[illegible]	.....	—
Managed	106.6	112.2	−0.1	—
Property	97.6	102.8	.....	—
Gilt and Fixed Interest	94.3	[illegible]	.....	—
Index-Linked	104.3	[illegible]	+0.1	—
Equity	109.6	115.4	−0.1	—
Cash	97.7	102.9	+0.1	—
Midland Bk. Unit Tst.	104.0	109.5	+0.8	—
Midland Bank Intnl.	122.1	128.6	+0.8	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ — 01-628 8131

G.T. Plan Bond Fund	120.8	127.2	+0.1	—
GT Pln High Yld Fnd	104.5	110.1	+1.2	—
GT Plan Far East Fnd	96.3	101.4	−0.1	—
GT Pln N Am Fund	151.0	159.0	+6.0	—
GT Pln UK&G.E. Fnd	118.4	124.7	+0.6	—
GT Pln Wrldwde Fnd	114.9	121.0	+2.2	—
GT Pension Bnd Fnd	126.8	133.5	+0.2	—
GT Pen High Yld Fd	116.5	122.7	+1.4	—
GT Pen Far East Fd	101.9	107.3	−0.3	—
GT Pen N. Am. Fd.	183.2	192.9	+5.2	—
GT Pen UK & G.E. Fd	129.8	136.7	+1.0	—
GT Pen Worldwide Fd.	121.5	127.9	+2.7	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. — 01-488 0733

Intl. Managed Bond	158.9	167.3	.....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		220.3	.....	—
Portfolio Fd. Init.		187.7	.....	—
Portfolio Fd. Cap.		213.5	.....	—
Portfolio Man. Acc.	67.7	71.3	.....	—
Portfolio Man. Init.	60.2	63.4	.....	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU — 01-377 1122

Flexible Finance		1,425	.....	—
Landbank Secs.		64.03	.....	—
Landbank Secs. Acc.	173.3	177.8	.....	—
G. & S. Super Fd.		£10.734	.....	—

Guardian Royal Exchange
Royal Exchange, E.C.3. — 01-283 7101

Guardian Assurance

Property Bonds	299.3	311.7	.....	—

GRE Linked Assurance Limited

Managed Initial	179.6	189.0	+1.5	—
Do. Accum.	196.2	206.5	+1.6	—
Equity Initial	227.9	239.9	+2.1	—
Do. Accum.	249.0	262.1	+2.3	—
Fixed Int. Initial	169.8	178.7	.....	—
Do. Accum.	185.5	[illegible]	+0.1	—
International Initial	180.8	190.4	+0.4	—
Do. Accum.	197.6	208.0	+0.4	—
Property Initial	122.4	128.8	.....	—

[illegible]

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$30.19	32.00	+0.30	3.59
Wardley Nikko As. Fd.	HK$26.74	27.95	+0.55	5.37
Wardley Bond Trust	$10.40	10.60	+0.10	8.58
Wardley Japan Trust	$19.19	19.89	+0.80	1.06

Westavon Secs. (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd.	98.0	103.0	−1.0	3.00

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.79	—	−0.05	—

Inv. Adv.: M & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
70, St. George's St., Douglas IoM — 0624 25015

Wren Com. Fund	35.7	37.2	.....	3.10
Chinese Fund	73.4	76.4	.....	1.70
Precious Metal Fund	148.6	154.5		8.30
Vanguard Cmdy. Fd	44.1	45.2		2.26
Financial Futures Fd	134.0	139.4	.....	—
Wren Intl Fnd *	$0.928	0.967	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for February 1.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 10 89/97	150	100¾	109¼	−0⅛	−0⅛	11.44
Amex O/S Fin 14¼ 89	75	108	108½	0	0	12.03
Amro Bank 13 89	200	104¾	100¼	−0⅛	−0½	11.85
BHP Finance 14⅜ 89	150	105¾	106¼	−0⅛	+1⅛	13.24
Bk Montreal 14½ 87	100	107	107½	−0¼	+0⅛	12.10
British Col Hyd 14¾ 89	200	110⅛	110⅝	−0½	−0⅛	12.24
British Col Hyd 10¼ 82	150	114¼	114¾	0	0	12.51
Canada 14⅜ 87	750	110	110½	0	+0⅛	11.23
Canadair Ltd 12½ 89	175	103¾	104⅛	0	−0⅛	11.50
Canadian Wheat 11¼ 90	50	98½	99	0	−0¼	11.48
Can Pac Ltd 14⅝ 92	75	107⅝	108⅛	−0¼	+0⅛	13.88
Can Pac Sec 15 89	75	109	109½	0	+1⅛	12.78
Citicorp O/S 15 84/92	100	104¼	104¾	−0¼	−0¼	10.71
Coca Cola Int 11⅛ 89	100	105¼	105¾	−0⅛	−0⅛	10.53
Credit Suisse 10½ 00	100	99⅝	100⅛	−0⅛	+0½	10.51
Deutsche Bk Fin 14¼ 89	300	109	109½	−0½	−0¼	12.08
Du Pont 11⅛ 90	150	98¾	99¼	−0¼	+0¼	11.40
Du Pont 14¾ 89 WW	200	108	108½	+0⅛	+1½	12.10
E.D.C. 10¾ 89	100	98⅞	00⅞	−0¼	0	11.12
E.D.F. 12⅞ 87	150	102¾	103½	0	−0⅛	11.88
E.E.C. 11½ 95	200	96⅞	97⅜	−0⅛	+0⅛	11.98
E.I.B. 15½ 92	100	110¾	111¼	−0⅛	0	13.34
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
World Bank 10⅞ 90	200	97½	98	−0¼	0	11.35
World Bank 11⅛ 98	100	95⅞	96⅜	−0½	−0½	11.66
World Bank 13⅛ 87	300	105⅜	105⅞	−0¼	+0⅛	11.58

Av. price changes: on day - ⅛, on week + ¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	80	66⅞	100⅝	−0⅛	−0¼	8.23
Asian Dev Bank 8¼ 92	150	98¾	96¼	−0½	−0⅛	8.48
Australia 8⅛ 93	300	97¾	98¼	−0¼	−0⅛	7.18
Australia 7¾ 92	200	101⅜	101⅞	−0⅛	−0⅛	7.50
Bayer Capital 7⅝ 89	150	100⅛	100⅝	−0⅛	+0⅛	7.54
Beecham Fin 8¼ 92	125	100⅛	100⅞	−0¼	+0¼	8.04
Black & Decker 9¼ 89	100	103⅝	104⅜	−0⅛	−0½	8.28
Caisse Nat Energie 8 93	100	66½	99⅝	−0⅜	0	8.09
E.C.S.C. 7½ 93	150	97½	98	−0½	−0⅛	7.83
E.C.S.C. 8 84	200	99¾	100¼	−0⅛	−0⅜	7.99
E.E.C. 8 94	200	99⅝	100⅜	−0⅛	−0¼	7.99
E.I.B. 8¼ 92	200	100⅝	101⅛	0	0	8.12
GKN 8⅝ 89	100	97¾	98½	−0⅛	+0⅛	8.74
Gould Int Fin 8¼ 89	75	100½	100⅝	−0⅛	−0½	8.17
Int-Am Dev Bk 8¼ 93	150	98¾	99½	−0½	−0½	8.48
Ireland 8⅞ 91	150	99¼	99¾	0	−0¼	8.98
ITT Antilles 9⅛ 92	100	100	106¾	−0⅛	−0⅛	8.25
McDonalds Fin 7⅛ 92	100	99⅛	99⅝	−0½	−0⅛	7.21
[illegible]						

SWISS FRANC STRAIGHTS — [illegible]

YEN STRAIGHTS — [illegible]

OTHER STRAIGHTS — [illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						
Caisse Nat Tele 5¼ 90	0¼	99	99½	21/4	10.56	10.04
C.C.C.E. 5¼ 2002	0⅜	97⅞	98⅜	11/3	0⅛	10.05
Cepme 5¼ 92	0⅛	88½	99⅝	10/8	0.94	10.01
Chemical NY 5¼ 84 ††	0⅛	99⅞	100⅜	23/3	9.94	9.93
Credit Agricole 8¼ 97	0¼	99	99½	24/3	12⅞	12.97
Credit du Nord 5¼ 92	0¼	98¾	99¼	23/8	10⅛	10.23
Credit Lyonnais 5¼ 87	0¼	99	99½	1/4	12.18	12.26
Credit Lyonnais 5¼ 94	0¼	98¾	99¼	5/7	9¾	9.85

CONVERTIBLE BONDS — [illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

EUROBONDS

New Zealand Y20bn issue goes ahead

BY PETER MONTAGNON IN LONDON

NEW ZEALAND yesterday decided to go ahead with its planned Y20bn Samurai bond issue, ending almost a week of hesitation in the face of poor market conditions.

Led by Yamaichi Securities, the 10 year issue bears a coupon of 8.1 per cent and is priced at 99¾, to give a yield of 8.19 per cent. This is appreciably higher than the 7.837 per cent yield on the last Samurai issue, for the European Investment Bank.

In the meantime conditions on Japanese bond markets have deteriorated because of the weakness of the yen and the Bank of Japan's decision not to cut its discount rate. Over the past week, Samurai bond prices have dropped by about ½ point and one scheduled issue, a Yen 15bn bond for Ireland, has been postponed.

Ireland meanwhile decided to launch an ECU 30m, eight-year, 12½ per cent issue at par through S.G. Warburg, Banque Internationale à Luxembourg and Amro Bank, while yesterday also saw a DM 100m, 7¾ per cent, seven-year issue at par for Banque de l'Indochine et de Suez, through DG Bank.

In the dollar sector, prices again fell slightly on the weight of unplaced new paper, but trading was thin and cautious ahead of this week's $14.5bn U.S. Treasury financing programme.

A feature was a sharp fall in zero coupon issues on profit taking after the Japanese authorities decision to lift the ban on sales of such paper to residents.

The SwFr100m, 10 year issue for Hospital Corp of America, led by Swiss Bank Corporation, was priced yesterday. The bonds bear a coupon of 5 per cent at par.

A scheduled issue of DM 100m for American Express International Banking Corporation failed to materialise in Germany yesterday.

Hungary seeks $200m

HUNGARY is seeking a $200m medium-term loan from a consortium of international banks led by Deutsche Bank, according to a number of major European banks. Talks on the loan are at a preliminary stage.

Mr Janos Fekete, first Vice President of the Hungarian National Bank, said in Budapest that a loan was being sought to diminish the proportion of its short-term debts.

In December the IMF approved a $601m loan to Hungary, $79m of which was made available immediately with the balance to be drawn before the end of this year.

Reuter

North American Quarterly Results

ARMSTRONG WORLD INDUSTRIES

Fourth quarter	1982 $	1981 $
Revenue	311.7m	318.3m
Net profits	3.44m	2.92m
Net per share	0.14	0.11
Year		
Revenue	1.28bn	1.37bn
Net profits	19.8m	47.1m
Net per share	0.79	1.88

AVCO CORPORATION

Fourth quarter	1982 $	1981 $
Revenue	696.7m	603.8m
Net profits	15.3m	†1.8m
Net per share	0.58	†0.15
Year		
Revenue	2.5bn	2.2bn
Net profits	82.0m	70.0m
Net per share	3.20	2.78

† Loss

CONSOLIDATED PAPERS

Fourth quarter	1982 $	1981 $
Revenue	128.6m	131.2m
Net profits	13.60m	13.67m
Net per share	1.25	1.26
Year		
Revenue	530.3m	536.9m
Net profits	40.00m	54.66m
Net per share	3.68	5.05

CONSOLIDATED FREIGHTWAYS

Fourth quarter	1982 $	1981 $
Revenue	302.3m	288.2m
Net profits	14.72m	17.24m
Net per share	1.09	1.28
Year		
Revenue	1.2bn	1.14bn
Net profits	54.79m	63.95m
Net per share	4.08	4.81

DILLINGHAM CORPORATION

Fourth quarter	1982 $	1981 $
Revenue	378.8m	436.7m
Net profits	1.08m	9.50m
Net per share	0.08	0.61
Year		
Revenue	1.49bn	1.63bn
Net profits	19.77m	27.20m
Net per share	1.38	1.76

DOMINION TEXTILE

Second quarter	1982-83 C$	1981-82 C$
Revenue	211.8m	220.6m
Net profits	5.05m	5.3m
Net per share	0.40	0.44
Six months		
Revenue	381.8m	399.1m
Net profits	3.49m	6.94m
Net per share	0.20	0.56

KENNAMETAL INC.

Second quarter	1982-83 $	1981-82 $
Revenue	63.3m	101.6m
Net profits	†4.05m	9.04m
Net per share	†0.33	0.74
Six months		
Revenue	135.3m	204.6m
Net profits	†6.95m	18.71m
Net per share	†0.57	1.53

† Loss

KAISER CEMENT

Fourth quarter	1982 $	1981 $
Revenue	47.3m	55.6m
Net profits	6.6m	2.6m
Net per share	0.88	0.33
Year		
Revenue	213.4m	240.1m
Net profits	18.3m	21.7m
Net per share	2.38	2.89

KAUFMAN and BROAD

Fourth quarter	1982 $	1981 $
Revenue	122.7m	162.1m
Net profits	18.3m	2.3m
Net per share	10.70	0.18
Year		
Revenue	422.7m	5.1m
Net profits	122.8m	5.1m
Net per share	11.96	0.37

1 Loss

LENOX INC.

Fourth quarter	1982 $	1981 $
Revenue	78.0m	79.3m
Net profits	6.94m	9.11m
Net per share	1.64	2.04
Year		
Revenue	254.6m	260.7m
Net profits	18.54m	20.67m
Net per share	4.13	4.64

MACLEAN HUNTER

Fourth quarter	1982 C$	1981 C$
Revenue	153.3m	116.4m
Net profits	7.3m	9.3m
Net per share	0.24	0.32
Year		
Revenue	524m	409m
Net profits	21.1m	27.1m
Net per share	0.72	0.95

MACMILLAN INC.

Fourth quarter	1982 $	1981 $
Revenue	103m	105.4m
Net profits	4.71m	2.86m
Net per share	0.48	0.21
Year		
Revenue	384.3m	404.5m
Net profits	21.8m	14.2m
Net per share	1.90	1.05

MILTON BRADLEY

Fourth quarter	1982 $	1981 $
Revenue	109.3m	114.6m
Net profits	3.7m	3.9m
Net per share	0.51	0.53
Year		
Revenue	360.1m	381.4m
Net profits	19.2m	20m
Net per share	2.60	2.71

NALCO CHEMICAL

Fourth quarter	1982 $	1981 $
Revenue	158.9m	177.6m
Net profits	14.9m	21.3m
Net per share	0.38	0.54
Year		
Revenue	643.9m	668.6m
Net profits	64.4m	81.2m
Net per share	1.62	2.02

NIAGARA MOHAWK POWER

Fourth quarter	1982 $	1981 $
Revenue	606.9m	529.8m
Net profits	45.1m	43.1m
Net per share	0.49	0.52
Year		
Revenue	1.86bn	1.72bn
Net profits	230.9m	186.4m
Net per share	2.64	2.35

NORTHWEST INDUSTRIES

Fourth quarter	1982 $	1981 $
Revenue	389.3m	821.7m
Net profits	6.6m	228.2m
Net per share	0.48	8.00
Year		
Revenue	2.3bn	3.12bn
Net profits	184.6m	419.3m
Net per share	8.75	14.20

OGDEN

Fourth quarter	1982 $	1981 $
Revenue	517.1m	[illegible]
Net profits	11.2m	[illegible]
Net per share	[illegible]	[illegible]
Year		
Revenue	2.2bn	[illegible]
Net profits	58.5m	[illegible]
Net per share	[illegible]	[illegible]

PACCAR

Fourth quarter	1982 $	1981 $
Revenue	290.2m	[illegible]
Net profits	11m	[illegible]
Net per share	[illegible]	[illegible]
Year		
Revenue	1.23bn	[illegible]
Net profits	37.3m	[illegible]
Net per share	[illegible]	[illegible]

PACIFIC RESOURCES

Fourth quarter	1982 $	1981 $
Revenue	395.3m	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]
Year		
Revenue	1.24bn	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]

PENNZOIL

Fourth quarter	1982 $	1981 $
Revenue	529.1m	[illegible]
Net profits	50.49m	[illegible]
Net per share	[illegible]	[illegible]
Year		
Revenue	2.27bn	[illegible]
Net profits	188.7m	[illegible]
Net per share	[illegible]	[illegible]

FT COMMERCIAL LAW REPORTS

Bank's right to set off interest against Mareva funds

OCEANICA CASTELANA ARMADORA SA OF PANAMA v MINERAL IMPORT EXPORT
SEAWIND MARITIME INC v ROMANIAN BANK FOR FOREIGN TRADE
Queen's Bench Division (Commercial Court): Mr Justice Lloyd: January 27, 1983.

WHERE A bank holds funds which are subject to Mareva injunction, it is entitled to set off against those funds past or future interest due on loans previously made to the owner of the funds.

Mr Justice Lloyd so held when giving a direction and general guidance respectively on two applications by Barclays Bank International Ltd as intervenor, as to whether funds held by Barclays were subject to Mareva injunctions, and as to the exercise of a bank's right to set off when a customer's account became subject to Mareva injunction.

The first application arose out of Mareva injunctions granted to the plaintiff shipowners, Oceanica Castelana Armadora SA of Panama and Ataka Navigation Inc of Panama, against the defendant charterer, Mineral Import Export.

The second application arose out of a Mareva injunction granted to plaintiff shipowners, Seawind Maritime Inc, against the defendant, Romanian Bank for Foreign Trade.

* * *

HIS LORDSHIP said that towards the end of November 1981 Oceanica and Ataka had claims against the charterer, a Romanian state trading organisation. They wished to pursue their claims in arbitration.

The charterer had few, if any assets outside Romania, but it bought regular cargo loads of coke from South Wales.

On November 27 1981 Ataka obtained a Mareva injunction over the charterer's assets within the jurisdiction, including a cargo of coke loaded on board the Tirgu Frumos at Barry. Oceanica obtained a similar injunction in relation to cargo on board other vessels.

The charterer was anxious to obtain the release of the cargo. Eventually it was agreed that five guarantees would be provided by Barclays against a cash deposit furnished by the Romanian bank. The guarantees were never issued for at the last moment the Tirgu Frumos and another vessel with cargo on board, the Eleftherios, were released on the application of their owners.

In the *Eleftherios [1982] 1 Lloyd's Rep 351*, in the Court of Appeal, Lord Justice Eveleigh said that it was intolerable that the vessel should be prevented from sailing because of a claim with which the owners of the vessel were in no way concerned. *Lord Justice Kerr* described it as a clear abuse of the Mareva jurisdiction.

Thereafter the need for the guarantees was gone. His Lordship, after hearing evidence, directed that the funds deposited with Barclays as cover for the guarantees did not belong to the charterer and were not subject to the Mareva injunctions obtained against it.

*

In September 1982, an injunction was obtained by Seawind to restrain the Romanian bank from removing or disposing of its assets within the jurisdiction, save in so far as they exceeded $2.19m. Since the funds deposited with Barclays did not belong to the charterer, it followed that they must belong to the Romanian bank. *Prima facie*, therefore, the injunction against the Romanian bank attached to the funds.

The question was what, if any, rights of set-off could Barclays exercise against the deposit now that the injunction had been obtained. It had made well over 50 substantial term loans to the Romanian bank. Interest became due from month to month.

Barclays, as intervenor, sought guidance as to the exercise of a bank's right of set-off when a customer's account became subject to Mareva injunction. It wished to know whether it was entitled to set-off against the deposit (1) interest which had already fallen due before notification of the injunction, and (2) interest falling due from time to time after notification of the injunction.

It was firmly established that a defendant who was subject to a Mareva injunction could apply to the court to vary the injunction, so as to enable him to pay his ordinary debts as they fell due.

If the defendant could draw on his bank account to pay his ordinary creditors, notwithstanding a Mareva injunction, why should he not be free to pay his bank? Why should the bank be in worse position than other ordinary creditors, just because it held the funds in question?

Mr Pollock, for Seawind, argued that if the Romanian bank were to apply to vary the injunction, it would have to satisfy the court that it had no other free asset out of which to pay the debt in question. By the same token, he said, Barclays should give full disclosure of the number of term loans advanced by the bank, how they had been repaid in the past, and whether the Romanian bank had any other assets within the jurisdiction out of which to meet interest when due. He said that Barclays had disclosed nothing and had played its cards close to its chest.

That criticism of Barclays could not be accepted. There was all the difference between a defendant who was seeking to vary a Mareva injunction, and a third party, such as a bank, which was exercising its ordinary remedies in the ordinary course of its business.

The Mareva injunction was never intended so to interfere with the rights of third parties. In the *Eleftherios* Lord Justice Eveleigh said that it was intolerable that "third parties should be inconvenienced in this way."

In exercising a right of set-off against their customers, banks were in the same position as any other third party. To require a bank to disclose the state of its customer's accounts, or provide other information as a condition of being able to exercise its ordinary right of set-off would be to interfere with the performance of a contract between a third party and the defendant.

Barclays was therefore entitled to a variation of the Mareva injunction, so as to enable it to exercise any right of set-off it might have in connection with facilities granted to the Romanian bank before it received notification of the injunction.

Such right might be exercised in respect of interest accruing due in the future as well as interest which had accrued at date of notification. Barclays would also be allowed to meet any liabilities which it might incur on confirmed letters of credit opened at the request of the Romanian bank before notification of the injunction, and to debit its account accordingly.

*

On the current form of wording banks could not exercise their right of set-off without coming back to court for a variation. That was unsatisfactory in that they might have to move quickly. Also it was unsatisfactory that courts should be more cluttered up with Mareva applications than was strictly necessary. By far the greatest burden of policing Mareva injunctions fell on the banks.

The solution lay in finding a form of wording which could be incorporated in the original *ex parte* order, which would enable banks to exercise their ordinary rights of set-off.

In order to avoid the necessity of their coming back for variations, and to save court time, it was desirable that in future all Mareva injunctions which were intended to be served on banks should contain a suitable proviso.

The language suggested by Mr Cresswell, for Barclays was: "Provided nothing in this injunction shall prevent [Barclays] from exercising any right of set-off it may have in respect of facilities afforded by [Barclays] to the defendants prior to the date of this injunction."

That wording was satisfactory and produced the desired result. The injunction was varied accordingly.

For Oceanica and Ataka: Giles Caldin (Holman Fenwick and Willan).

For Seawind: Gordon Pollock QC and Roderick Cordara (Holman Fenwick and Willan).

For Barclays: Peter Cresswell (Durrant Piesse).

The charterer and the Romanian bank were not represented.

By Rachel Davies
Barrister

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Wednesday February 2 1983

Wall Street: full closing prices, Pages 24–26

WALL STREET

Investors steer careful course

PRICE changes in the market for crude oil and the week's heavy funding programme by the U.S. Treasury were two of the most evident concerns on Wall Street yesterday, *writes Duncan Campbell-Smith in New York.*

A strong consensus was lacking about the likely impact of either development, said market analysts. This appeared to be reflected in very mixed trading conditions on the New York Stock Exchange which restricted most share prices to a narrow range until at least midsession.

In a trading volume well above that of the previous day, the Dow Jones industrial average meandered just to either side of its opening level and was down 2.58 at 1073.12 shortly after 2pm. It closed 15.91 down at 1059.79.

The prospect of an international slide in oil prices knocked most oil and oil service stocks lower as it had done a week earlier. Texaco, which cut $1 per barrel off its refineries' purchase price for U.S. crude, fell $1 to $31¼ by 2pm.

Its shares, like those of Exxon, were actively traded by larger institutional investors ahead of forthcoming dividend payments. Exxon was unchanged at $30⅛.

Airline stocks, which have already outperformed the market in many sessions this year, were mixed. But Pan American, which has lagged behind its sector, was yesterday the Big Board's most actively traded stock, up $½ at 2pm to $4½. A block of 250,000 shares traded at $4.

Another big percentage gainer among low-priced stocks was International Harvester, which rose $1¼ to $7⅛. The company said it had no explanation for the move.

Elsewhere, profit-taking hit many of the glamour stocks of recent weeks, with General Electric down $1⅜ to $101⅜.

In Monday's weekly Treasury auction, the three-month and six-month hills were discounted to offer bond equivalent yields on average of 8.41 per cent and 6.70 per cent respectively, several basis points above the levels reached hy short-term rates earlier on Monday. Dealers said trading in the new bills yesterday was very thin and the yields remained unchanged.

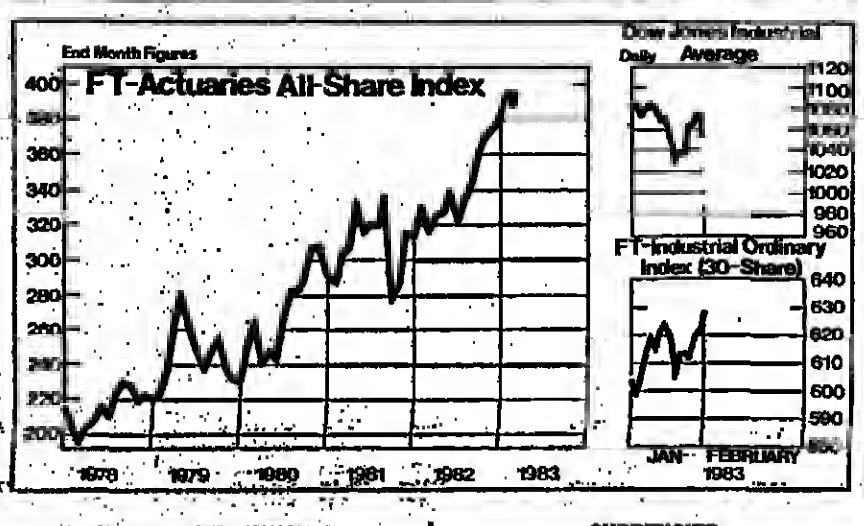
Federal Funds traded at 6½ per cent both before and after news of a $1hn customer repurchase agreement hy the Federal Reserve.

The government bond market was slightly firmer at the opening but later drifted back towards the previous day's levels in advance of the late afternoon pricing for new Treasury three-year bonds. The offering yield for the new issue was expected by the market to fall within a basis point or two of 10 per cent. Yields on the medium and long-term bonds, by comparison, were around 10.75 and 10.92 per cent respectively.

In the corporate bond market, dealers said prices were being marked down as much as three-quarters of a point

A strong early showing hy **Toronto** golds and other metals began to be aroded hy later profit-taking, while the broader market appeared wary of moving beyond a narrow range, although trading was active, and many gains were achieved. In **Montreal**, oils, metals, hanks and industrials all made headway.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 1	Previous	Year ago
NEW YORK			
DJ Industrials	1059.79	1075.70	851.69
DJ Transport	464.26*	463.55	350.63
DJ Utilities	124.35*	124.40	106.90
S&P Composite	144.80*	145.30	117.78
LONDON			
FT Ind Ord	626.4	622.7	571.0
FT-A All-share	395.17	395.02	325.87
FT-A 500	428.04	426.45	348.07
FT-A Ind	403.10	400.62	315.32
FT Gold mines	699.0	677.0	281.8
FT Govt secs	77.23	77.02	64.4
TOKYO			
Nikkei-Dow	8,105.24	8,103.47	7,309.79
Tokyo SE	567.35	568.35	581.38
AUSTRALIA			
All Ord.	543.2	536.9	548.9
Metals & Mins.	496.9	487.7	395.8
AUSTRIA			
Credit Aktien	49.26	49.32	55.39
BELGIUM			
Belgian SE	104.57	104.81	94.89
CANADA			
Toronto Composite	2035.3*	2031.4	1740.9
Montreal Industrials	348.57*	347.31	301.13
Combined	333.51*	332.31	286.98
DENMARK			
Copenhagen SE	103.37	103.57	96.29
FRANCE			
CAC Gen	104.9	104.6	108.1
Ind. Tendance	108.5	108.4	113.1
WEST GERMANY			
FAZ-Aktien	250.84	250.7	226.61
Commerzbank	753.8	756.1	691.8
HONG KONG			
Hang Seng	895.53	887.04	1416.02
ITALY			
Banca Comm.	184.59	184.85	192.04
NETHERLANDS			
ANP-CBS Gen	105.7	106.0	88.4
ANP-CBS Ind	92.0	91.5	68.9
NORWAY			
Oslo SE	127.18	127.5	115.23
SINGAPORE			
Straits Times	775.65	777.59	800.55
SOUTH AFRICA			
Golds	1058.8	1037.8	551.0
Industrial	820.1	816.4	706.3
SPAIN			
Madrid SE	104.5	101.6	104.24
SWEDEN			
J&P	1050.71	1034.7	604.94
SWITZERLAND			
Swiss Bank	301.2	299.5	249.6

GOLD (per ounce)

	Feb 1	Prev
London	$507.50	$500.00
Frankfurt	$508.50	$499.50
Zürich	$507.50	$500.50
Paris	$510.79	$504.44
New York futures (Feb)	$505.50*	$510.10

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Feb 1	U.S. DOLLAR Previous	STERLING Feb 1	STERLING Previous
£	1.5240	1.5200	–	–
DM	2.4620	2.4660	3.75¼	3.75
Yen	239.15	240	364½	365
FFr	6.97625	6.9650	10.63	10.63
SwFr	2.0125	2.0135	3.07	3.06¾
Guilder	2.6985	2.7090	4.11½	4.12
Lira	1412½	1410½	2152	2143½
BFr	48.15	48.11	73.40	73.15
C$	1.2355	1.2370	1.8825	1.8880

INTEREST RATES

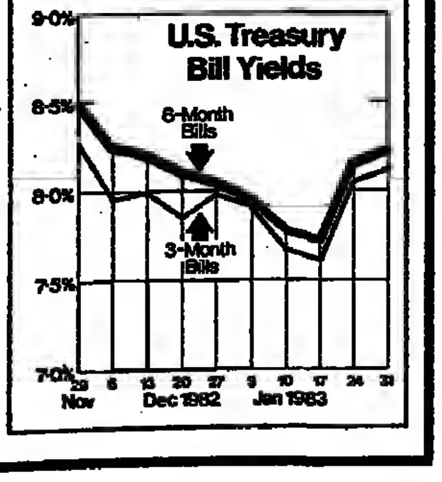
	Jan 31	Prev
Euro-currencies (three month offered rate)		
£	11⅛	11⁵⁄₁₆
SwFr	3⅛	3
DM	5⅞	5⅞
FFr	20⅞	20½
FT London Interbank fixing (offered rate)		
3-month U.S.$	9¹⁄₁₆	9⅝
6-month U.S.$	9⅝	9⅝
U.S. Fed Funds	8⅝*	8⅝
U.S. 3-month CDs	9.00*	8.85
U.S. 3-month T-bills	8.12*	8.10

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	73-15	73-27	73-08	73-11
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.77	91.83	91.75	91.78
Cert Deposit (IMM) $1m points of 100%				
March	90.77	90.82	90.73	90.79
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.36	90.38	90.20	90.42
20-year Notional Gilt £50,000 32nds of 100%				
March	98-06	98-06	97-15	97-31
Three-month Sterling Deposit £250,000 points of 100%				
March	88.64	88.70	88.55	88.78

LONDON COMMODITY MARKETS

	Jan 31	Prev
Silver (spot fixing)	940p	902.10p
Copper (Cash)	£1065.75	£1053.75
Coffee (March)	£1674.50	£1691.50
Oil (spot Arabian light)	$29.45	$29.37



LONDON

Support is speculative and selective

SELECTIVE support for hlue chip industrials vied with fresh speculative enthusiasm for numerous secondary and situation stocks yesterday. The combined business provided the basis for further upward improvement in London equity markets which, despite favourahle Wall Street advices overnight, had opened indecisively.

Early attention focused on the sterling exchange rate and its initial dip to a new low against the dollar was an obvious reason for caution. Gilt-edged investors then regained some composure, and quotations were able later to extend the rally and close a net half-point higher in another relatively thin trade. Shorts were around a quarter better, with the exception of convertihle issues which sometimes gained ⅝.

South African golds responded to a soaring hullion price. The outstanding feature was provided by Gold Fields of South Africa which, following impressive half-yearly results, jumped £5⅜ to a record £76⅛. The FT gold mines index advanced 22 points for a six-day leap of nearly 100 to an all-time high of 699.

Strong overnight American buying was in evidence, but the golds encountered persistent profit-taking at their higher levels and closed a shade off the day's best. Business in after-hours trading was said to be scrappy with the majority of profit-taking reported as coming from London sources.

Elsewhere, Homestake of the U.S. was £1⅜ better at a 1982/3 high of £40½ while the Irish-Canadian Northgate rose 60p to 475p.

Uncertainty persisted in the oil market ahead of the expected cut in crude prices. BP drifted off to close 4p cheaper at 306p and Shell eased a couple of pence to 406p. Lasmo remained friendless, falling 10p further to 255p.

Insurance issues turned dull after a placing of 13.8m shares of Hamhro Life by Hambros Bank, its parent, hut the overall trend of equities was illustrated by a closing gain of 5.7 to 626.4 in the FT Industrial Ordinary index.

Reed International featured the miscellaneous industrial leaders, rising 12p to 260p in response to third-quarter figures. Elsewhere, Peek Holdings advanced 12p more for a two-day speculative spurt of 25p to 39p after 43p.

AUSTRALIA

Buyers active

A BACKLOG of two days' strong London interest in Australia gold explorers left the **Sydney** market eager to catch up when it reopened after a long holiday weekend. Prices closed broadly and actively higher, with the best of the running being made by the golds, where leaders and speculatives sbone equally.

Of the majors, GMK rose 40 cents to A$12.20 and Poseidon 20 cents to A$6.60. Recent star Carr Boyd was a further 17 cents stronger at A$2.22 while Hill Minerals, with which it is linked in a promising drilling venture, soared 45 cents to A$1.50.

Elsewhere in the mining sector BHP closed 34 cents higher at A$7.10, more than compensating for a 28 cent fall on Friday. Brokers believed a more favourable view was now being taken of its proposed A$2.4hn takeover of Utah International.

Oils were mixed in **Melbourne** and industrial leaders generally firm but neglected.

SOUTH AFRICA

Golds thrive

A VERY firm result emerged from active two-way trading in Johanneshurg as gold shares adjusted to a stronger overnight hullion price.

Libanon in the heavyweight league gained R3.25 to R54.75, while some cheaper priced producers advanced a rand or more.

In mining financials Gold Fields of South Africa was boosted R7 to R150 hy stronger results for the second half of last year. Coppers and platinums showed improvements while De Beers, the diamond giant, added 13 cents to R9.10.

Barlow Rand, the industrial leader, advanced 25 cents above a Monday close of R13 amid its mining interests reshape.

EUROPE

Frankfurt's fragile confidence

LINGERING hopes of interest rate cuts this week by the West German Bundesbank maintained some firmness on the **Frankfurt** bourse yesterday after a respectable level of buying activity had buoyed prices on Monday. Confidence was by no means universal, however, and spates of selling by both domestic and foreign investors were noted at various times in the day.

The Commerzhank index, calculated at midsession, slipped 2.3 to 753.8 but the later and differently weighted FAZ index ended a bare 0.14 higher on the day at 250.84.

Engineering issues showed a mixed response to a report from the industry association VDMA that order inflow had fallen 11 per cent in real terms in 1982 but for December were up 2 per cent, also adjusted for inflation, from a year earlier.

Steels were cautiously lower, with Hoesch off 10 pfg to DM 36.10, Thyssen DM 1.40 to DM 67.50 and Krupp 50 pfg to DM 60. Klöckner managed to hold unchanged at DM 49.20.

Domestic bonds recorded falls of up to a point at the long end in puhlic authority issues, leaving the Bundeshank to take up DM 105.6m worth against DM 35.5m on Monday.

A rise in Paris prices was limited, according to dealers, hy a pessimistic forecast on export prospects from the statistics institute Insee and hy a ¹⁄₁₆ rise in call money, the second this week.

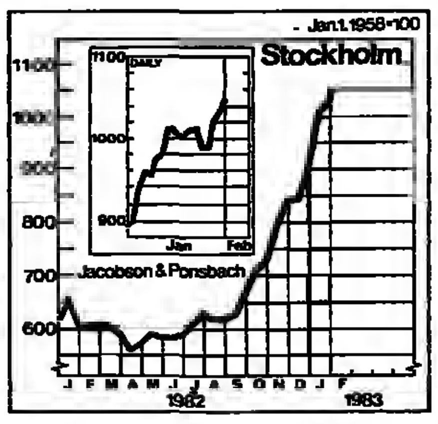
Nervousness surfaced in **Brussels** about the ability of the Centre-Right coalition to retain its own unity as well as that of the country at large in the face of regional and linguistic rancour. Share losses rarely reached more than 2 per cent of market value, however.

The continued strength of the dollar provided an uncertain tone to **Zurich,** where banks were little changed as parliament debated a plan to tax fiduciary deposits. lts rejection came too late to affect trading.

Leading industrials drew some support from a government spending programme aimed at stimulating the economy.

Stockholm advanced strongly in very heavy trading. Alfa-Laval added SKr 10 to SKr 310, and the recently favoured Swedish Match was up the same amount to SKr 209 as forest product issues featured. The J&P index advanced 16.01 to a 1982-83 high of 1,050.71.

Late trading in **Amsterdam** hrought several leaders off their lows hut still down on the day. Pirelli and Fiat again led **Milan** industrials upward, with institutional buyers in evidence, while a similarly brisk session in **Madrid** gave the bourse index a 2.90 gain, its largest since early October, to close at 104.50.



FAR EAST

Properties regain solidity

LOW-PRICED domestic industrial issues continued in the ascendant in selective **Tokyo** buying yesterday as renewed weakness in the yen prompted a shift of interest away from international populars.

Properties rose sharply as dealers saw a reassessment of the merits of land and other assets which might provide a hedge against inflation. Tokyo Land rose Y23 to Y368 and Mitsubishi Estate Y7 to Y450.

The Nikkel-Dow Jones market average, nearly 17½ ahead after the first hour, finished only 1.77 up at 8,105.24 while the Tokyo SE index relinquished a point to 567.35. Turnover was heavy at 680m shares.

Papers and pulps were another major heneficiary: Oji jmped Y41 to Y436 on more than 30m sbares, Sanyo-Kokusaku Y28 to Y232 and Kanzaki Y29 to Y414.

Later yesterday the exchange authorities reported a Y13.1hn rise last week in the outstanding halance of margin buying positions in Tokyo, Osaka and Nagoya, hringing the level near its record of the middle of last month.

This came along with an upturn in the market after two weeks of nervous selling. News of higher margin deht, against a hackground of recent warnings from the exchange that the effectiveness of existing controls is under review, bas frequently been a depressant in the short-term.

A buying operation in national bonds by the Finance Ministry yesterday helped the bond market firm despite the uofavourahle currency trend. The benchmark 7.7 per cent 10-year issues said to have been involved rose 0.26 to 98.32 with the yield down from 6.07 to 8.02 per cent.

Gains hy **Hong Kong** stocks wereE-pared hy the end of the session in active two-way trading as the Hang Seng index moved alternately ahove and below the 900 mark before settling 8.49 higher on *balance* at 895.53.

News of the HK$4hn loan facility arranged hy Hongkong Land succeeded in calming fears that the company might consider a rights issue. Its stock ended five cents higher at HK$4.07½ after HK$4.15 while Cheung Kong added the same amount to HK$6.05

Overall, a substantial volume of local selling outweighed overseas huying in the afternoon – a divergence of sentiment which has become a feature of much of the trading in recent weeks. This was despite a government assurance yesterday that healthy Decemher trade figures for the territory could be taken as a sign of economic recovery.

Singapore produced a similar picture of a selective but active opening advance curtailed by subsequent profit-taking. Properties there were narrowly mixed, as was the market as a whole. Faber Merlin, a favoured speculative issue in the hotel sector, led the actives to end four cents higher at S$1.97.

NEW YORK STOCK EXCHANGE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
16¼	5¾	AAR	.44	4.6	22	3	9¼	9¼	9¼	
26	27½	ACF	2.75	8.3	8	91	34¼	33⅛	33⅜	−¼
23⅝	12⅝	AMF	1.36	8.2	5	1351	16⅝	16⅛	16½	−¼
25¼	10⅝	AMR Cp				2525	22¼	21⅞	21⅞	+⅛
12⅝	3⅞	AMR	wt			812	10⅛	9⅞	9⅞	−¼
17⅜	12⅛	AMR	pf2.18	12		34	17⅝	17½	17½	
33	23½	ARA	2	5.6	10	1066	36¼	35½	35¼	−⅛
79⅞	24½	ASA	3a	3.9		556	79⅛	75⅝	76½	−2⅜
26⅝	12⅛	AVX	.32	1.3	38	535	24⅝	24¼	24¼	
41⅞	27	AbtLab	.64	2.1	17	1107	40⅞	39⅜	39½	−1¼
23¼	15⅝	AcmeC	1.40	7.6	21	08	18⅝	18½	18½	−¼
11	5⅛	AcmeE	.32b	3.1	27	x93	10⅛	10⅛	10¼	+⅛
10⅞	4½	AdmDg	.04	.5	10	15	9⅛	8⅞	8⅞	−⅛
17⅜	12½	AdaEx	1.73e	11		74	15⅜	15½	15½	−¼
9⅛	4⅞	AdmMl	.20e	2.3	16	28	9	8⅝	8⅞	−⅛
17⅞	12⅞	Advest	.18	1.0	10	53	18⅛	16	18⅛	+⅛
36	11⅛	AMD	.6		55	1534	u37⅛	36	36	
48¼	32⅞	AetnLf	2.52	7.5	8	3283	34½	32⅞	33½	−⅛
63¼	52⅞	AetL	pf2.49e	4.0		2	62½	62½	62½	−⅛
33⅞	6	Ahmns	.60	2.3		589	26¼	25⅛	25¼	+⅛
4	2⅞	Aileen				70	3⅛	3⅛	3⅛	
46	25⅝	AirPrd	.80	1.9	13	1059	43	42	42⅝	+¼
20⅞	7⅛	AirbFrt	.60	3.2	23	781	19½	19	19	−¼
2⅞	2	AiMoa	n		4	211	2⅞	2½	2½	−⅛
31	24½	AlaP	pfA3.52	13.		54	30⅞	30¼	30¼	−⅛
7¼	5⅞	AlaP	dpf.87	12		34	7¼	6⅞	7	
65¼	50½	AlaP	pf8.28	13		z150	64½	64½	64½	+2
17½	13	Alagsco	1.60	6.8	5	14	16⅝	16⅜	16⅜	
34½	23¼	Albany	1.40	3.9	15	96	u35⅝	34⅝	35½	+1
24⅝	10⅛	Alberto	.54	2.9	12	17	19⅛	18⅜	18⅜	−⅛
49½	25¼	Albtsn	1	2.5	11	108	42	35½	35¼	−2½
31½	15⅝	Alcan	.90	6.2		3306	29⅜	27⅝	20	−⅞
32⅛	17⅜	AlcoStd	1.12	4.0	9	445	27⅜	27⅝	27¼	−⅛
30⅜	18⅜	AlexAlx	1	4.8	10	1016	21¼	21	21	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

A–A–A B–B–B C–C–C D–D–D E–E–E F–F–F G–G–G H–H–H I–I–I J–J–J K–K–K L–L–L M–M–M N–N–N

Continued on Page 25

هكذا من الأصل

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued on Page 26

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 24

12 Month High	Low	Stock	Div. Yld. P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
50¼	27	WalCSv	72 1 4 16	165	50½	49⅞	49⅞	-⅛
36⅝	16	WaltJm	1 3.1 13	513	33⅝	32½	32½	-1⅞
41	16	WaltJ	pf1 60 4.5	5	35½	35½	35½	-½
45	24	Warnac	1 20 2.8 8	434	43	41⅜	42⅝	+1⅛
33¼	27	WmCm	1 3.4 6	3419	30	29⅜	29⅜	-⅜
37½	16⅝	WarnrL	1 40 4.6 14	3539	30⅝	30¼	30¼	-½
31⅛	24	WashGs	2 76 10 8	55	27¼	26⅞	27	-⅛
25½	14¾	WshNat	1 08 4.7 11	89	22⅝	22½	22⅝	+⅛
22⅛	17⅛	WshWt	2 40 11 7	116	21½	21⅛	21⅛	
59	25½	Waste	52 0 24	798	56¼	55⅞	56¼	+¼
64½	21½	Watkn	48 8 10	805	u65½	62½	62¼	-1¼
10¾	7¾	WayGos	20 2.0 7	16	10	9⅞	9⅞	
20⅛	15¼	WayG	pf1 60 8.1	2	19⅞	19⅞	19⅞	+⅛
5⅝	3½	WeanU		32	4½	4⅜	4⅜	+⅛
12½	10	Wean	pf1.26 10	5	12½	12½	12½	

Continued on Page 26

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

CANADA | DENMARK | HOLLAND (continued) | AUSTRALIA | JAPAN (continued) | FRANCE | ITALY | NORWAY | SPAIN | HONG KONG | GERMANY | SWEDEN | SINGAPORE | AUSTRIA | JAPAN | BELGIUM/LUXEMBOURG | SWITZERLAND | SOUTH AFRICA | HOLLAND

[illegible]

Financial Rand U.S.$0.77¾ (Discount of 19¼%)

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change
Arlon Elec	[illegible]	−46
Bio-Isolates	370	+80
Combined Tech	79	−6
Gold Fields SA	£78¼	+5¼
H... Minerals	90	−2
London & Liverpool	688	−12
Lotus Car	22	+3
Meyer Int	130	−7
Peek Holdings	73	−12
Rustenburg Plat	465	−37
Sumrie	65	−15
TI	168	−12

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Mon close	Day's change
London & Liv	54	700	−167
Cons Gold	18	543	+18
Arlen Elec	16	206	−11
Imed Bus Syst	18	234	−19
Mettoy	16	35	−7
RTZ	16	543	+12
De La Rue	14	620	−35
Racal Elec	12	457xd	−14½
Onelenticn	13	£24¾	+¼

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (208)

AMERICANS (11)
BANKS (4)
BREWERS (3)
BUILDINGS (8)
CHEMICALS (5)
DRAPERY & STORES (7)
ELECTRICALS (17)
ENGINEERING (8)
FOODS (7)
HOTELS (1)
INDUSTRIALS (28)
INSURANCE (2)
LEISURE (1)
MOTORS (2)
PAPER (4)
PROPERTY (2)
SOUTH AFRICANS (3)
TEXTILES (2)
TOBACCOS (1)
TRUSTS (54)
OVERSEAS TRADERS (1)
PLANTATIONS (2)
MINES (40)

NEW LOWS (9)

ENGINEERING (2)
Brasway Edoio
INDUSTRIALS (3)
Assoc. Heat Services Trident Computer Carlton
TRUSTS (2)
Aberdeen Trust Antofagasta
OIL & GAS (2)
Century Edinburgh Secs

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31
Feb 28	Mar 11	June 2	June 13

For rate indications see end of Share Information Service

Stocks to attract money for the call included Babcock International, South West Resources, Phicom, BSR, Staffordshire Potteries, RHP, Celtic Haven, Debenhams, Keep Investment, Gill and Duffus, Mettoy, Kloof, London and Liverpool, ICI, Associated Newspapers, Amber Day, Grovebell, Charterhall, Hampton Trust, Premier Consolidated, Inter-City, Hollis Bros, ESA, Rank Organisation, J. Folkes Hefo A, Joseph Webb and UKO International. British Printing and Poseidon were dealt in for the put, while double options were arranged in Dunlop, Arlen Electrical and Inter-City.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	75	1	21
Corpns. Dom. & Foreign Bonds	11	22	44
Industrials	389	153	786
Financial & Props	173	80	261
Oils	14	38	58
Plantations	4	—	12
Mines	87	4	59
Others	77	29	46
Totals	830	327	1,293

FINANCIAL TIMES STOCK INDICES

	Feb. 1	Jan. 31	Jan. 28	Jan. 27	Jan. 26	Jan 25	year ago
Government Secs.	77.28	77.02	77.57	77.16	77.55	77.21	64.40
Fixed Interest	72.03	79.07	79.71	79.63	79.88	79.68	64.42
Industrial Ord.	628.4	622.7	620.0	611.6	614.4	614.2	571.0
Gold Mines	699.0	677.0	649.2	639.2	627.5	613.4	281.8
Ord. Div. Yield	4.85	4.88	4.86	4.91	4.87	4.88	5.35
Earnings, Yld.% (full)	10.43	10.47	10.44	10.55	10.47	10.49	9.58
P/E Ratio (net) (*)	11.51	11.46	11.50	11.38	11.46	11.44	15.25
Total bargains	26,616	25,280	22,052	22,895	22,592	93,009	22,842
Equity turnover £m.	—	235.51	311.25	239.42	168.72	199.40	144.5
Equity bargains	—	97,217	24,888	90,265	18,122	18,929	18,573
Shares traded (ml)	—	164.6	199.1	156.5	143.1	113.8	101.8

10 am 622.7. 11 am 624.4. Noon 626.2. 1 pm 625.8.
2 pm 625.8. 3 pm 626.3.
Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/56. SE Activity 1974.
Latest Index 01-246 8026.
*Nil = 10.69.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	96.84 (10/11)	61.99 (5/1/82)	127.4 (9/1/35)	49.19 (3/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	637.4 (12/11)	519.1 (5/1/82)	637.4 (12/11/82)	49.4 (26/6/40)
Gold Mines	699.0 (1/2/83)	181.2 (22/6)	699.0 (1/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 31	Jan. 28
—Daily		
Gilt Edged Bargains	156.4	155.0
Equities Bargains	179.5	161.3
Value	478.0	629.1
5-day Average		
Gilt-Edged Bargains	166.9	171.9
Equities Bargains	141.8	134.6
Value	474.7	462.6

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Tues Feb 1 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Jan 31 Index No.	Fri Jan 28 Index No.	Thur Jan 27 Index No.	Wed Jan 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	425.27	+1.1	9.33	4.03	13.39	420.52	419.14	413.64	414.36	375.89
2	Building Materials (24)	417.48	+0.6	10.11	4.54	11.91	414.90	412.33	409.52	407.19	333.69
3	Contracting, Construction (30)	740.84	+0.3	11.89	4.45	10.02	738.42	739.05	734.96	735.98	508.09
4	Electricals (32)	1580.53	+1.8	7.61	2.18	16.85	1553.19	1553.90	1523.87	1527.45	1276.38
5	Engineering, Contractors (10)	391.02	−0.5	17.93	7.65	6.83	393.10	392.57	392.93	390.37	512.63
6	Mechanical Engineering (66)	200.72	+1.2	11.37	5.83	10.95	198.39	197.01	196.01	197.65	201.57
8	Metals and Metal Forming (11)	169.19	+0.9	12.85	7.35	9.34	167.64	164.88	160.19	159.76	176.11
9	Motors (18)	79.85	+0.8	0.88	7.97	—	79.21	78.25	78.28	77.93	101.23
10	Other Industrial Materials (17)	389.28	+0.3	9.00	5.48	13.83	388.15	385.48	380.95	380.87	400.21
21	CONSUMER GROUP (201)	411.57	+0.4	10.17	4.32	11.93	410.00	410.28	406.64	408.30	291.12
22	Brewers and Distillers (23)	457.81	+0.7	11.04	4.67	11.07	454.70	453.25	452.13	453.84	284.99
25	Food Manufacturing (21)	343.58	+0.3	13.32	5.37	8.80	342.51	341.38	337.64	336.93	281.96
26	Food Retailing (14)	850.81	+0.1	7.47	2.85	16.82	849.97	851.23	847.07	858.27	398.43
27	Health and Household Products (8)	705.76	−0.9	5.59	2.58	21.25	712.13	723.23	719.91	727.83	388.75
29	Leisure (24)	486.52	+1.1	8.47	4.95	15.32	481.11	480.98	476.60	480.17	439.05
32	Newspapers, Publishing (13)	700.17	+0.1	9.05	4.63	13.94	699.22	704.38	686.41	692.41	497.10
33	Packaging and Paper (14)	159.64	+1.3	14.59	7.02	8.05	157.65	156.41	151.62	151.99	143.80
34	Stores (47)	352.99	+0.9	8.57	3.89	15.45	349.97	348.46	345.29	345.89	264.60
35	Textiles (23)	181.85	+1.2	13.10	5.89	9.29	179.70	179.13	177.32	176.93	167.93
36	Tobaccos (3)	503.91	+0.1	17.41	5.90	6.35	503.40	505.75	496.78	499.94	284.37
39	Other Consumer (11)	361.21	+0.1	2.33	3.85	—	360.90	358.43	354.08	355.75	279.76
41	OTHER GROUPS (77)	307.37	+0.3	11.12	5.33	10.81	306.45	304.63	297.73	298.54	298.34
42	Chemicals (15)	403.08	−0.9	12.23	6.00	9.72	406.86	411.60	393.74	394.74	343.84
44	Office Equipment (5)	100.79	+0.3	10.98	5.67	11.23	100.51	91.18	87.27	86.90	130.03
45	Shipping and Transport (13)	532.88	−0.1	16.26	7.99	7.33	533.51	532.51	533.14	531.79	572.69
46	Miscellaneous (44)	437.09	+1.5	9.11	4.16	13.38	430.58	425.40	422.82	424.91	332.82
49	INDUSTRIAL GROUP (486)	403.10	+0.6	10.01	4.35	12.21	400.62	400.02	395.21	396.48	335.32
51	Oils (14)	704.80	−1.1	17.94	8.20	6.57	712.79	714.93	713.83	726.76	692.73
59	500 SHARE INDEX	428.04	+0.4	11.12	4.89	10.90	426.45	426.08	421.60	423.82	346.87
61	FINANCIAL GROUP (121)	293.29	−0.2	—	6.03	—	293.89	289.84	284.86	282.92	257.22
62	Banks (6)	306.24	+0.5	32.93	7.88	3.32	304.83	301.90	293.17	292.81	282.07
63	Discount Houses (8)	271.24	+0.2	—	9.00	—	270.71	275.73	275.15	283.13	232.39
65	Insurance (Life) (9)	359.49	−1.6	—	5.32	—	365.48	360.56	354.93	344.64	256.57
66	Insurance (Composite) (10)	203.67	−1.5	—	6.98	—	206.80	203.76	200.29	196.94	158.40
67	Insurance Brokers (7)	567.62	+1.1	11.31	4.80	12.38	561.18	553.41	546.79	547.65	435.22
68	Merchant Banks (13)	165.51	+0.5	—	5.21	—	164.67	163.66	162.93	161.88	150.98
69	Property (54)	434.03	+0.1	5.95	4.13	22.21	433.57	424.04	418.43	420.15	459.08
70	Other Financial (14)	214.90	+2.0	13.08	5.48	9.13	210.65	208.83	205.90	207.91	185.32
71	Investment Trusts (109)	397.49	+0.2	—	4.23	—	396.55	395.07	392.50	391.73	332.77
81	Mining Finance (4)	274.88	+1.2	7.47	5.17	17.93	271.65	263.21	263.50	258.90	235.96
91	Overseas Traders (16)	435.20	+0.6	11.47	8.31	11.52	432.58	423.52	423.78	423.95	436.36
99	ALL-SHARE INDEX (750)	396.17	+0.3	—	5.00	—	395.02	393.44	389.10	390.98	335.47

FIXED INTEREST

	PRICE INDICES	Tues Feb 1	Day's change %	Mon Jan 31	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	116.23	+0.24	116.05	—	0.98
2	5-15 years	123.51	+0.32	123.11	—	1.62
3	Over 15 years	129.04	+0.24	128.87	0.14	0.14
4	Irredeemables	134.06	—	134.06	—	0.00
5	All Stocks	122.82	+0.24	122.56	0.04	1.01
6	Debentures and Loans	98.00	−0.21	99.01	—	0.64
7	Preference	75.66	+0.14	75.55	—	0.32

AVERAGE GROSS REDEMPTION YIELDS (Tues Feb 1 / Mon Jan 31 / Year ago (approx.)): British Government — Low Coupons, Medium Coupons, High Coupons (5, 15, 25 years); Irredeemables; Debs & Loans (5, 15, 25 years); Preference. [illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW YORK AND CANADA

Indices

NEW YORK — DOW JONES: Industrials, Transport, Utilities, Trading vol 000s. STANDARD AND POORS: Industrials, Composite. N.Y.S.E. ALL COMMON. RISES AND FALLS. MONTREAL. TORONTO Composite. [illegible]

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 25

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 25

[illegible]

هكذا ملك البلاد الاسبل

COMMODITIES AND AGRICULTURE

Wheat exporters' plan to avert trade war

BY LARRY KLINGER IN BRUSSELS

THE WORLD'S major wheat exporters are to meet, probably in April, in an attempt to avoid a threatened costly agricultural trade war, Canadian Senator Hazen Argue said in Brussels.

Sen Argue, the minister responsible for the Canadian Wheat Board, who is on a three-nation tour of Europe, said after meeting Mr Paul Dalsager, EEC Agriculture Commissioner, that the U.S. had already issued invitations for a meeting of high-level officials.

Sen Argue added that a trade war financed by revenue-draining export subsidies to undercut competitors was in no-one's interest, but the danger of this happening was very real.

With the recent U.S. decision to subsidise a 1m-tonne wheat flour sale to Egypt, it could be said that the battle had already begun.

Ottawa hoped that talks between the world's wheat exporters could jointly decide on price and stock-level measures to strengthen the market but Canada would, in any event "have to meet the competition."

Canadian exporters were already being financially "squeezed very hard" but were prepared to lower their prices even further if they had to. He did not rule out the possibility of Canada introducing a special subsidies programme to meet U.S. and EEC competition but this was "the very last thing we want to do."

The Canadian Government was still very much committed to its policy of providing export credit at commercial rates—with "no element of subsidy whatsoever."

But, Sen Argue said, "we will not be idle, we will take action" if Canada's traditional markets were threatened.

He felt, however, that the world's wheat producers would be able to reach a suitable agreement because they were aware that bargains now might mean lower and lower prices later.

John Edwards adds: Senator Argue said in London yesterday that he hoped a meeting of ministers later this year would follow the April talks.

One idea he had discussed yesterday with Mr Jean Parrote, executive director of the International Wheat Council, was the possibility of reopening negotiations for a new international grain agreement aimed at stabilising prices. Exporters might consider agreed production goals or increases in stocks.

Congress urged to find solution to surpluses

THE REAGAN administration is urging Congress to formulate a scheme for disposing of the nation's huge dairy surplus instead of dumping it on the world market, Nancy Dunne reports from Washington.

The administration reportedly feels that Congress created the problem by legislating for $13.10 (£8.50) per 100 lbs price support, so it should come up with a solution.

The price support programme cost the Government an estimated $5bn last year and is expected to cost that much this year. Congress last year

David Gilbertson explains why moly needs coddling

CLIMAX Molybdenum's recent decision to suspend production at its major mines indefinitely reflects the price the moly producers are paying for over-enthusiastic investment in the 1970s.

A surge of speculative interest whipped up free market values of moly oxide—the metal's most commonly traded form—from an average $3 per lb in 1975 to a heady $20 in 1979.

The resulting expansion of production capacity worldwide had output climbing steadily just as the world recession began to bite. Subsequent declining demand and the evaporation of the speculative interest fuelled moly producers' rapidly mounting stocks.

Climax blames the sad state of the market for its decision. Demand levels and prices are low, prospects are bleak and Climax is sitting on a mountainous inventory—enough to meet present demand for "vastly in excess of one year" according to chairman Pierre Gousseland.

A recent study put total western world stocks of moly at the end of last year at 140m lb and Climax is believed to account for up to half of that.

The prime factor depressing molybdenum consumption and prices over the past three years has been the alarming fall in international steel production.

Moly's major use is as a strengthening additive in alloy steels used particularly in high temperature applications such as mining equipment and machine components.

Total world molybdenum consumption has dropped from some 230m lb in 1979 to around 180m lb last year. Even though substantial capacity cutbacks have been made by the western world's leading producers, which left the industry operating at about 55 per cent of capacity last year and saw production and consumption in broad balance, the ready availability of material from producers' plentiful stocks has severely depressed prices.

Free market oxide quotation dropped to an average $4 a lb last year, almost half the previous year's level and values dipped as low as $2.35 in European free market transactions this year before rallying recently following news of the Climax's closures.

Climax itself has been hard pressed to sell moly in Europe lately, due largely to its continuing efforts to maintain a $6 a lb list price for at least a portion of its sales.

Some modest improvement in moly usage is expected this year. Total world consumption is expected to rise to about 190m lb from around 180m lb last year. Of these totals, some 40m lb is produced and consumed internally within East bloc countries.

In dealings this month, moly has been taken up in the wave of speculative purchases which have boosted a number of metal and soft commodity prices. Inter-merchant deals this week have been concluded at over $3 a pound, but consumer offtake at these higher levels has, so far at least, been negligible.

Continued production discipline will need to be maintained if any real price improvement is to be staged—and the predicted marginal rise in consumption is unlikely to be sufficient to spur a demand-led price recovery this year.

David Gilbertson is non-ferrous metals editor of Metal Bulletin.

AMAX of Canada has abandoned plans to resume operations on Saturday at its Kitsault mine, British Columbia. As at the two Colorado mines of the parent company, operations will be suspended indefinitely.

Community pledge on 'C' sugar stocks

BRUSSELS—European Community sugar producers have pledged that they will stock between 1.06m and 1.08m tonnes of "C" sugar in the current marketing year.

The exact total still depends on confirmation of how much Dutch and Italian producers will hold back.

"C" sugar must be sold outside the EEC without refunds or levies.

Apart from the Netherlands and Italy, producers have so far indicated that they will stock 1.034m tonnes. Added to this will be at least 32,000 tonnes, and possibly 48,000 tonnes from the Netherlands.

Italy had indicated that it might stock 11,000 tonnes. That figure may dwindle to nothing *but community sources say that* would have little impact on the overall total.

● The European community's share of international farm trade in milk, butter and sugar climbed sharply over the last decade, according to newly-published statistics from the European Commission.

The figures show that the EEC took 63 per cent of world trade in milk in 1980, against 40.5 per cent ten years earlier. A sharp rise in butter exports gave it 61.4 per cent of trade in 1980, up from less than 27 per cent a decade earlier, while its share of the world sugar market rose to 15.3 per cent from 4.6 per cent.

Community sources said the figures are likely to be at the centre of talks here on February 10 when European and U.S. negotiators will try to defuse tensions over farm trade.

The U.S. says the community has been using unfair subsidies to get a bigger share of international markets for key products, often at the expense of American farmers.

Agencies

Cocoa production deficit predicted

BY OUR COMMODITIES STAFF

A DEFICIT of 78,000 tonnes in world cocoa production, compared with demand, this season is forecast in the latest market report issued today by London merchants Gill and Duffus.

This compares with a surplus output of 112,000 tonnes in the 1981-82 season and would be the first deficit in production since 1976-77.

The report predicts that world production will drop this season from 1,702,000 to 1,539,000 tonnes. Lower crops are forecast for all the major exporting countries. Ivory Coast output is put at 385,000 tonnes against 456,000 previously; Brazil 270,000 (314,000), Ghana 190,000 (225,000); Nigeria 168,000 (181,000) and Ecuador 70,000 (85,000).

At the same time, world cocoa bean grindings are forecast to rise from 1,574,000 tonnes in 1982 to 1,619,000 in 1983. The biggest rise in grindings is forecast for the U.S. where the 1983 total is projected at 210,000 tonnes against 199,000 last year.

The report lists two main reasons for the substanially reduced world crop forecast. "The prospects for the (Brazilian) Bahia temporao deteriorated sharply," it says, "and heavy flooding has caused severe damage to the Ecuadorian crop."

Prices may not yet have fully reflected the changed supply balance prospects and cocoa could still be somewhat undervalued, the report suggests. But it warns that there is still great uncertainty about crop outturns. "There is still room for considerable further deterioration or considerable recovery."

Further "unknown elements" listed in the report are: the possible behaviour of the International Cocoa Organisation buffer stock, the rate of producer shipments, and the course of exchange rates.

"The situation therefore remains a complicated one, and one in which the market will place a heavy premium on new information," Gill and Duffus says. "But it must be said that there is little or nothing in the considerations we have outlined which would suggest a major reversal in the current upward trend."

On the London futures market yesterday cocoa prices made further ground with the May quotation gaining another £12 to a new 16-month high of £1,307.50 a tonne.

Boost for Irish dairy goods

BY BRENDAN KEENAN IN DUBLIN

GREECE'S accession to the EEC has provided new market opportunities for the Irish dairy industry. Exports to Greece have risen from practically nothing to I£6m last year.

The Irish have lost no time in finding out what the Greeks like to eat and adapting to provide it. They have had considerable success with an Italian-style regato cheese and are now making Greek-style Kefalifo cheese in the unlikely setting of a County Cork creamery.

The Irish Dairy Board first noticed the opportunity when Australians of Greek extraction showed a liking for regato and feasibility studies were carried out in Greece itself.

The competition is stiff, especially from Denmark, because the Greeks are second only to the French in *per capita* cheese consumption in the EEC. Sales include Kerrygold butter and cream, as well as other dairy products such as yoghourt.

Gold rise lifts base metal values

THE CONTINUED rise in the gold price lifted most base metals values on the London Metal Exchange yesterday.

Despite the steadier performance of sterling against the dollar, cash high grade copper climbed £12 to a new 18-month high of £1,065.75 a tonne.

Further buying of tin, believed to be on behalf of the International Tin Agreement buffer stock pushed cash standard metal up another £122.50 to £8,282.50 a tonne, while cash zinc, following the copper price trend, added £3.50 at £462.50 a tonne.

Cash aluminium was also firmer gaining £11.50 to £784.50 a tonne, but cash lead slipped back £2.75 to £304.50 a tonne.

● A NEW service to readers, giving a list of metal prices not quoted on the London Metal Exchange starts today. It will be carried every Wednesday. Two sets of prices are included. One covers free market prices, as assessed by Metal Bulletin. The other gives the world posted list prices from producer sources which in several cases are nominal quotations.

● THAI rice and rubber prices will be higher this year than last, says the Board of Trade of Thailand.

● STEVEDORING work at 17 Danish ports is being carried out by harbour warehouse employees and casual labour as the dockers' strike continues. Police are providing protection at five ports.

● PROGRESSIVE Holstein Breeders is to send to India the largest ever shipment of bovine semen for export. The order, for 400,000 doses of Holstein semen, is worth about £750,000.

● THE U.S. mint plans to manufacture 21bn coins in the 1984 fiscal year, up from 17.6bn this year.

PRICE CHANGES

In tonnes unless stated otherwise	Feb. 1 1983	+ or —	Month ago
[illegible]			

	Feb. 1 1983	+ or —	Month ago
[illegible]			

LONDON OIL

SPOT PRICES

	Latest	Change + or —
[illegible]		

GAS OIL FUTURES

[illegible]

Month	Yest'day's close	+ or —	Business Done
[illegible]			

Turnover: 5,724 lots of 100 tonnes.

GOLD MARKETS

Gold continued to advance on the London bullion market, gaining $7½ to $507-508. It also opened at that level, and was fixed at $508.50 in the morning and afternoon. The metal touched a low of $506-507, and a peak of $509-510.

In Paris the 12½ kilo gold bar was fixed at FFr 115,000 per kilo ($510.79 per ounce) in the afternoon, compared with FFr 115,200 ($510.85) in the morning, and FFr 112,500 ($304.44) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 40,535 per kilo ($506.01 per ounce), against DM 39,440 ($502) and closed at $508-509, compared with $499-500.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $509 per ounce, against $497.25.

In Zurich gold finished at $507-510, compared with $499-502.

LONDON FUTURES

Month	Yest'day's close	+ or —	Business Done
[illegible]			

	Feb. 1		Jan. 31
Gold Bullion (fine ounce)			
[illegible]			
Gold Coins Feb. 1			
[illegible]			

EUROPEAN MARKETS

[illegible]

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL prices gained further ground on the London Metal Exchange following the initial weakness of sterling [illegible]

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

SILVER

[illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
[illegible]				

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

ALUMINIUM

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

WEEKLY METALS

All prices, as supplied by Metal Bulletin. [illegible]

COCOA

[illegible]

COCOA	Yesterday's Close	+ or —	Business Done
[illegible]			

COFFEE

[illegible]

COFFEE	Yest'day's Close	+ or —	Business Done
[illegible]			

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
[illegible]				

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY SUGAR [illegible]

WOOL FUTURES

[illegible]

GRAINS

HGCA—Locational ex-farm spot prices. [illegible]

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

[illegible]

MEAT/FISH

[illegible]

AMERICAN MARKETS

NEW YORK, February 1.

Cold and silver came under pressure from profit-taking following the [illegible] recovered from distressed prices on trade support ahead of the Indian selling tender. Cocoa came under pressure on statements from Ghana that the [illegible]

NEW YORK

COCOA 10 tonnes, $/tonnes

COFFEE "C" 37,500 lb, cents/lb

COPPER 25,000 lb, cents/lb

COTTON 50,000 lb, cents/lb

GOLD 100 troy oz, $/troy oz

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

ORANGE JUICE 15,000 lb, cents/lb

SILVER 5,000 troy oz, cents/troy oz

PLATINUM 50 troy oz, $/troy oz

SUGAR WORLD "11" 112,000 lbs, cents/lbs

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

LIVE HOGS 30,000 lb, cents/lb

MAIZE 5,000 bu min, cents/56lb-bushel

PORK BELLIES 38,000 lb, cents/lb

SOYABEANS 5,000 bu min, cents/60lb-bushel

SOYABEAN MEAL 100 tons, $/ton

SOYABEAN OIL 60,000 lb, cents/lb

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
[illegible]				

SPOT PRICES—Chicago loose lard [illegible]

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS & HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا منك الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS-Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
250	75	Falcon Rh.50c	250		025c	10.3	7.0
33	10	Wankie Col. Z$1	20		†Q3c	1.2	10.2
25	12	Zam.Cpr.SBD0.24	25	+1	—	—	—

Australians

1982/83 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
28	10	♥ACM 20c	28		—	—	—
28	6	♥Argosy Gold NL 25c	10		—	—	—
61	46	♥Black Hill Mins	61		—	—	—
151	54	♥Bond Corp	69		gQ10c	2.3	9.7
154	50	♥Bougainville 1 Kina	150	+5	Q6.71c	1.2	‡
273	147	♥CRA 50c	270	-3	‡Q5c	—	‡
154	10	♥Carr Boyd 20c	154	+6	—	—	—
56	21½	♥Central Pacific	32		—	—	—
380	152	♥Crusader Oil	310		—	—	—
26	7	♥Cultus Pac NL	13		—	—	—
27	7	♥Eagle Grp 10c	12		—	—	—
21	8½	♥Endeavour 20c	12		—	—	—
770	120	♥GM Kalgoorlie 25c	770	+13	hQ10c	♦	0.0
244	134	Hampton Areas 10p	236		†3.0	2.8	1.8
32	10	♥Haoma NW	32	+4	—	—	—
94	28	♥Hill Minerals N.L.	90	+4	—	—	—
22	9	♥Intnl Mining	17		—	—	—
36	2	♥Kalbara Min 20c	31½		—	—	—
14½	5	♥Keywest Expl.	14½		—	—	—
130	30	♥Kitchener NL 25c	130	+10	—	—	—
190	92	♥Meekatharra 25c	180	+2	—	—	—
44	13	♥Metals Ex 50c	39		—	—	—
52	13	♥Metramar Mins 20c	52	+4	—	—	—
50	15	♥Mid East Mins A$1	32		—	—	—
279	141	♥MIM Hldgs 50c	279	+4	Q5c	—	1.1
57	3	♥Mincorp 20c	12		—	—	—
8	2½	♥Minefields Expl 25c	7		—	—	—
28	14	♥Newmetal 20c	20		—	—	—
186	92	♥North B Hill 50c	186	+12	Q6c	1.3	2.1
184	10	Nth. Kalgurli	64	+2	—	—	—
123	67	♥Oakbridge 50c	81		Q7c	1.7	3.6
90	30	♥Oilmin NL	36		—	—	—
98	34	♥Pacific Copper	75		—	—	—
150	68	♥Pancont'l 25c	150	+8	—	—	—
448	211	♥Peko-Wallsend 50c	438	+2	Q15c	—	0.2
31½	6	♥Pelsart Res NL	10		—	—	—
273	112	♥Renison 50c	220		Q5c	—	1.3
205	105	♥Do Defd	198		—	—	—
68	30	♥Seltrust A	68		—	—	—
27	8½	♥Southern Pacific	11		—	—	—
50	16	♥Swan Res 20c	50	+4	—	—	—
24	2½	♥West Coast 25c	24		—	—	—
50	6	♥Western Cont. 50c	42		—	—	—
270	150	Westn. Mining 50c	278	+3	Q2.5c	♦	0.6
93	11	♥Whim Creek 20c	90		—	—	—
30	6	♥York Resources	17		—	—	—

Tins

1982/83 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
253	135	Ayer Hitam $M1	205		Q95c	[illegible]	13.2
140	55	Geevor	97	+2	—	—	—
12	9½	Gold & Base 12½p	11½		—	—	—
650	250	Gopeng Cons.	320xd		220.0	1.2	8.9
670	330	Hongkong	525		21.0	♦	3.7
24	13	Jantar 12½p	20		1.5	2.8	10.7
130	42	Kamunting $M0.50	120		†vQ27½c	0.8	6.5
573	350	Killinghall $M1	575		vhQ60c	♦	3.0
98	43	Malaysia Mng. 10c	78	+1	vQ17.1c	1.6	6.4
42	20	♥Pahang	33	+1	B$0.63	0.8	‡
450	280	Pengkalen 10p	340		1.0	—	0.4
330	190	Petaling $M1	275		vQ60c	♦	6.2
200	130	Sungei Besi $M1	200		‡vQ18.5c	0.6	‡
55	13	♥Supreme Corp M$1	46		vhQ34c	♦	2.4
110	93	Tanjong 15p	95		g3.5	♦	5.3
85	43	♥Tongkah H. Tin $M1	62		vQ5c	1.3	2.1
255	125	Tronoh $M1	250	+5	†vQ50c	2.3	5.7

Miscellaneous

1982/83 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
90	20	♥Anglo-Dominion	90	+20	—	—	—
125	25	♥Anglo Utd. Dev.	89		—	—	—
		For Burma see Southwest Res					
135	27	♥Colby Res Corp.	135	+20	—	—	—
440	170	Cons. Murch. 10c.	420	+7	‡Q60c	1.9	‡
8	1½	‡‡Explaura Gold	4		—	—	—
153	35	♥Highwood Res	155		—	—	—
£40½	£25	Homestake Mining $1	£40½	+1½	Q40c	—	0.6
475	160	Northgate C$1	475	+68	—	—	—
552	344	R.T.Z.	550	+7	16.0	1.6	4.2
£121½	£84	Do 9½% Cv. Ln. '95-2000	£121	-½	Q9½%	23.9	17.9
28	11	♥Sabina Inds C$1	27		—	—	—
17	12½	‡Southwest Res 10p.	16½	-½	—	—	—
530	270	♥Tara Exptn $1	525		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.
• "Tap" Stock.

[illegible]

REGIONAL AND IRISH STOCKS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases from early levels

The dollar was weaker overall yesterday, having started the day on a firmer note. The U.S. unit was underpinned by higher interest rates although some determination by central banks to hold the dollar's rise prompted shortcovering later on.

Sterling showed marginal gains all round despite reports that Middle East oil states were likely to agree to a $4 cut in the price of a barrel of oil.

DOLLAR — Trade weighted index (Bank of England) 121.1 against 120.5 six months ago. The dollar has returned to favour as hopes of an early cut in the discount rate recede. The prospect of large fund raising by the authorities has also kept rates firm while fundamentals such as trade and budget deficits have been ignored as a bear factor.

The dollar eased to DM 2.4620 from DM 2.4660 against the Deutschemark and SwFr 2.0125 from SwFr 2.0135. It was also lower against the yen at Y239.15 from Y240.00 and FFr 6.9762½ from FFr 6.9950.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5200. January average 1.5735. Trade weighted index 81.0 against 81.1 at noon and 81.0 at the opening and compared with 80.9 on Monday and 91.5 six months ago. Sterling is very weak on fears of lower North Sea oil prices and recent disarray within Opec. There is also uncertainty caused by the possibility of an early general election. Sterling is now trading close to an all time low against the dollar and is also unsettled against other currencies.

Sterling opened at $1.5170-$1.5180 against the dollar and touched a low of $1.5140 in early trading before coming back to a best level of $1.5300. It closed at $1.5235-1.5245, a rise of 40 points. Against the Deutschemark it rose to DM 3.7550 from DM 3.75 and SwFr 3.07 from SwFr 3.0625. It was unchanged against the French franc at FFr 10.63 and eased slightly against the yen to Y364½ from Y365.

D-MARK — Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. January average 2.3900. Trade-weighted index 127.3 against 125.1 six months ago. The D-mark has shown a weaker tendency recently in the run up to a March general election. Favourable trade figures and fading hopes of lower German interest rates started to reverse this trend, but the D-mark in common with other major currencies is again suffering from the problems of a strengthening dollar.

The Bundesbank sold $6.2m when the dollar rose to DM 2.4678 from DM 2.4475 at the Frankfurt fixing. Later in the day the U.S. currency eased back to DM 2.46 on indications of lower world oil prices, including news of a cut by the Soviet Union. Sterling rose to DM 3.7610 from DM 3.7450 at the fixing, but then declined to about DM 3.7550 in the afternoon. The D-mark was slightly firmer against the French franc and Irish punt, but weakened against several members of the European Monetary System.

DUTCH GUILDER — Trading range against the dollar in 1982-1983 is 2.8190 to 2.4585. January average 2.6312. Trade-weighted index 118.8 against 116.2 six months ago. Energy savings from natural gas have kept the Dutch balance of payments strong, and the guilder steady against the Deutschemark.

The guilder was firm in Amsterdam, after weakening against the dollar and sterling in early trading. The dollar was fixed at Fl 2.7125, compared with DM 2.6905 previously, but fell back below the Fl 2.70 level during the afternoon. The pound rose to Fl 4.13 from Fl 4.12 at the fixing, but later retreated to Fl 4.1125. The D-mark fell to Fl 1.0983 from Fl 1.0993 at the fixing, and apart from the Danish krone and unchanged Irish punt other members of the EMS also lost ground to the guilder.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	44.9679	−0.01	+1.25	±1.5501
Danish Krone ...	8.23400	8.07370	−1.95	−0.69	±1.6430
German D-Mark	2.33379	2.29913	−1.49	−0.23	±1.0888
French Franc ...	6.61387	6.51522	−1.49	−0.23	±1.3940
Dutch Guilder ...	2.57971	2.52230	−2.23	−0.97	±1.5004
Irish Punt	0.691011	0.690079	−0.13	+1.13	±1.6691
Italian Lira	1350.27	1319.04	−2.31	−1.63	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Feb. 1	£	$		£ Note Rates
Argentina Peso	82,533-82,573	54,020-54,070	Austria	26.06-26.55
Australia Dollar	1.3723-1.5745	1.0320-1.0533	Belgium	75.80-76.80
Brazil Cruzeiro	418.94-419.94	273.91-275.26	Denmark	13.16-13.30
Finland Markka	8.2583-8.2710	5.4265-5.4285	France	10.61-10.71
Greek Drachma	125.571-128.754	83.50-83.80	Germany	3.75-3.79
Hong Kong Dollar	10.03¾-10.03¾	6.5820-6.5870	Italy	2145-2185
Iran Rial	129.50*	84.60*	Japan	365-370
Kuwait Dinar KD	0.4455-0.4463	0.29100-0.29[illegible]	Netherlands	4.11-4.15
Luxembourg Fr	73.25-73.45	48.14-48.16	Norway	10.88-10.98
Malaysia Dollar	3.4773-3.4873	2.2810-2.2850	Portugal	140-165
New Zealand Dlr	2.1170-2.1233	1.3886-1.3945	Spain	191½-206
Saudi Arab. Riyal	5.2533-5.3000	3.4595-3.4410	Sweden	11.37-11.47
Singapore Dollar	3.1725-3.1895	2.0800-2.0820	Switzerland	3.07-3.11
Sth African Rand	1.6320-1.6340	1.0710-1.0720	United States	1.51½-1.53¼
U.A.E. Dirham	5.6080-5.6130	3.6715-3.6735	Yugoslavia	118-165

*Selling rates.

CURRENCY MOVEMENTS

Feb. 1	Bank of England Index	Morgan Guaranty Change %
Sterling	81.0	−39.8
U.S. dollar	121.1	+11.6
Canadian dollar	89.8	−17.7
Austrian schilling	119.4	+88.7
Belgian franc	94.0	−2.4
Danish kroner	83.8	−10.1
Deutsche mark	187.3	+53.9
Swiss franc	153.0	+109.8
Guilder	118.8	+27.8
French franc	73.6	−19.3
Lira	53.1	−58.5
Yen	144.1	+37.5

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.710224	0.611559
U.S. $	8½	1.08224	0.920932
Canadian $	0.83	*	1.15096
Austria Sch	4¾	18.7626	16.1520
Belgian F	11½	52.5423	44.9679
Danish Kr	10	9.38661	8.07370
D mark	5	2.67073	2.29913
Guilder	4½	2.93558	2.58230
French F	9½	7.57839	6.51522
Lira	18	1544.25	1319.04
Yen	5½	261.561	223.497
Norwgn Kr	9	7.76891	6.69145
Spanish Pta	8	141.386	121.647
Swedish Kr	9	8.12221	6.97690
Swiss Fr	4½	2.18201	1.87836
Greek Dr'ch	20½	N/A	78.0915

* CS/SDR rate for Jan 31: 1.34383.

THE POUND SPOT AND FORWARD

Feb 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5140-1.5300	1.5235-1.5245	0.30-0.25c pm	2.16	0.78-0.73 pm	1.98
Canada	1.8750-1.8900	1.8820-1.8830	0.17-0.07c pm	0.76	0.52-0.42 pm	1.00
Nethlnd.	4.10¼-4.14¼	4.11-4.12	2¼-1¼c pm	6.83	6¾-6¼ pm	6.32
Belgium	73.30-73.95	73.35-73.45	5-15c dis	−1.63	25-45 dis	−1.90
Denmark	13.15-13.23	13.15-13.16	6-7¾ore dis	−5.04	20-21¾ dis	−6.31
Ireland	1.1250-1.1300	1.1270-1.1290	0.55-0.65p dis	−6.54	1.35-1.58dis	−5.16
W. Ger.	3.74-3.77¾	3.75-3.76	1¾-1¼pf pm	5.19	5¼-5¼ pm	5.72
Portugal	140.00-145.00	140.50-142.50	350-1150c dis	−63.18	760-1850dis	−34.06
Spain	198.30-199.30	198.56-198.98	90-115c dis	−6.19	295-395 dis	−6.54
Italy	2,151-2,165	2,151-2,153	10¼-14¼ lire dis	−6.97	50-56 dis	−9.76
Norway	10.90-10.96	10.90½-10.91½	1¾-2¼ore dis	−1.86	5¼-6¾ dis	−2.13
France	10.62-10.68	10.62½-10.63½	4-5c dis	−5.64	23½-25¼dis	−9.41
Sweden	11.39-11.43	11.39½-11.40½	¼ore pm-¼ dis	−0.33	¾ pm-par	0.13
Japan	363-367	364-365	1.50-1.30y pm	4.61	5.90-4.30 pm	4.63
Austria	26.25-26.45	26.30-26.35	12-10gro pm	5.01	36¼-32pm	5.22
Switz.	3.05½-3.08½	3.06¼-3.07¼	2¾-1¾c pm	8.31	6¾-6¼ pm	8.47

Belgian rate is for convertible francs. Financial franc 75.70-75.80. Six-month forward dollar 1.27-1.22c pm, 12-month 2.05-1.90c pm.

THE DOLLAR SPOT AND FORWARD

Feb 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5140-1.5300	1.5235-1.5245	0.30-0.25c pm	2.16	0.78-0.73 pm	1.98
Ireland†	1.3445-1.3555	1.3500-1.3515	0.85-0.76c pm	7.10	2.40-2.20 pm	6.81
Canada	1.2350-1.2375	1.2350-1.2360	0.11-0.14c dis	−1.21	0.26-0.31dis	−0.95
Nethlnd.	2.6985-2.7220	2.6985-2.7005	0.95-0.85c pm	4.00	3.05-2.95 pm	4.45
Belgium	48.14-48.40	48.16-48.18	14-16c dis	−3.76	50-54 dis	−4.32
Denmark	8.6300-8.6865	8.6300-8.6400	4-5ore dis	−6.24	13¼-14¼dis	−6.47
W. Ger.	2.4665-2.4820	2.4615-2.4625	0.67-0.62pf pm	3.14	2.31-2.26 pm	3.71
Portugal	92.25-95.00	92.25-93.75	250-750c dis	−64.52	550-1450dis	−43.01
Spain	130.20-130.90	130.20-130.30	80-100c dis	−8.28	265-295 dis	−8.56
Italy	1,412-1,423	1,412-1,413	10-12½ lire dis	−9.56	40-44 dis	−11.89
Norway	7.1450-7.1820	7.1450-7.1550	1½-2¼ore dis	−3.77	7-8 dis	−4.19
France	6.9600-7.0300	6.97375-6.97875	3.80-4.40c dis	−7.16	10-20 dis	−11.13
Sweden	7.4675-7.4915	7.4675-7.4775	1.40-1.90ore dis	−2.65	3.50-4.00dis	−2.01
Japan	238.45-241.25	239.10-239.20	0.53-0.46y pm	2.58	1.78-1.68 pm	2.89
Austria	17.26-17.37	17.26-17.27	4½-3½gro pm	2.87	15¼-13¼ pm	3.36
Switz.	2.0060-2.0300	2.0120-2.0130	1.10-1.06c pm	6.41	3.35-3.30 pm	5.61

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.65-49.75.

EXCHANGE CROSS RATES

Feb. 1	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.524	3.755	364.5	10.63	3.070	4.115	2182.	1.883	73.40
U.S. Dollar	0.656	1.	2.464	239.2	6.975	2.014	2.700	1412.	1.235	48.16
Deutschemark	0.266	0.406	1.	97.07	2.831	0.818	1.096	573.1	0.501	19.56
Japanese Yen 1,000	2.743	4.181	10.30	1000.	29.16	8.422	11.29	5904.	5.165	201.4
French Franc 10	0.941	1.434	3.532	342.9	10.	2.888	3.871	2024.	1.771	69.05
Swiss Franc	0.326	0.496	1.223	118.7	3.463	1.	1.340	701.0	0.613	23.91
Dutch Guilder	0.243	0.370	0.913	88.58	2.583	0.746	1.	523.0	0.457	17.84
Italian Lira 1,000	0.458	0.708	1.745	168.4	4.940	1.427	1.918	1000.	0.875	34.11
Canadian Dollar	0.531	0.810	1.995	193.6	5.647	1.631	2.186	1143.	1.	38.92
Belgian Franc 100	1.362	2.076	5.116	496.6	14.48	4.183	5.606	2932.	2.565	100.

MONEY MARKETS

UK rates ease back after nervous start

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

Interest rates in London edged nervously higher in early trading yesterday as sterling touched new lows against the dollar. However a recovery in the cable later in the day allowed rates to ease back a little to finish hardly changed from Monday's closing levels. One-month interbank money was quoted at 11⅞ per cent initially but slipped to 11⅝ per cent in the afternoon while three-month sterling CDs finished at 11⅝-11 11/16 per cent compared with 11⅝-11¾ per cent on Monday. Overnight money opened at 11-11¼ per cent and rose to 11½ per cent before drifting away to 5 per cent. Trading was on the quiet side after an early flurry with a relatively small shortage helping to minimise tension at the shorter end.

The Bank forecast a shortage of around £200m, later revised to £150m, with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills—£231m and Exchequer transactions—£110m. On the other hand there was a fall in the note circulation of £70m. The Bank gave assistance in the morning through purchases of £132m of bills at 11 per cent comprising £62m of eligible bank bills in band 1 (up to 14 days), £2m of Treasury bills in band 2 (15-33 days), £28m of eligible bank bills in band 3 (34-63 days) and £40m of eligible bank bills in band 4 (64-84 days). There was no further intervention in the afternoon.

In Frankfurt call money was quoted at 6 per cent as the market experienced a shortage of short term funds. This followed an expiring DM 9.6bn sale and repurchase facility being replaced by a new repurchase agreement of only DM 5.8bn. The shortfall has been compensated to some extent by the commencement yesterday of a DM 4bn increase in banks' rediscount quotas. However funds obtained in this way are secured loans and it may take time for banks to raise that amount of commercial paper. Consequently banks will take advantage of funds available through the 6 per cent Lombard facility for the time being.

LONDON MONEY RATES

Feb. 1 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-11½	—	—	—	10½-11¼	8-11	—	—	—
2 days notice	—	—	11⅛-11⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11½-11⅝	—	—	—	—
7 days notice	—	11-11½	11¼-11⅜	—	—	11¾-11⅞	11-11⅛	—	—	—
One month	11 9/16-11 7/16	11½-11 11/16	11⅝-11½	12⅛-11⅞	11⅝	12	11	11 1/32-11 1/16	11⅜	11 27/32
Two months	11 11/16-11 9/16	11⅝-11⅝	11½-11⅝	12⅛-11⅞	11⅝	12	11	11 1/32-11 1/16	11 3/16	11 23/32
Three months	11⅝-11 11/16	11⅝-11⅝	11⅝	12⅛-11⅞	11⅝	—	11	11 1/32-11 1/16	11 3/32	11 23/32
Six months	11⅝-11⅝	11⅝-11⅝	11½-11⅝	11¾-10⅞	11⅝	—	—	—	10 31/32	11⅝
Nine months	11⅝-11⅝	11⅝-11⅝	—	11⅝-11⅝	11⅝	—	—	—	—	—
One year	11⅝-11⅝	11⅝-11⅝	11⅝-11⅝	11⅝-11⅝	11⅝	—	—	—	—	—
Two years	—	—	11⅝	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 5 to February 1 1983 (inclusive) 11.327 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 12 per cent; four years 12¼ per cent; five years 12½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10¾ per cent; four months trade bills 11⅝ per cent.

Approximate selling rate for one month Treasury bills 10 15/16-11 per cent; two months 10 15/16-11 per cent and three months 10 15/16-11 per cent. Approximate selling rate for one month bank bills 11 5/32 per cent; two months 11 3/32 per cent and three months 11 3/32 per cent; one month trade bills 11⅝ per cent; two months 11⅝ per cent and three months 11⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from February 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8½ per cent.

Treasury Bills: Average tender rate of discount 10.8366 per cent. Certificates of Tax Deposit (Series 5): Deposits of £100,000 and over held under one month 11¾ per cent; one-three months 11½ per cent; three-12 month 11¼ per cent. Under £100,000 11¼ per cent from January 28. Deposits held under Series 3-5 11¼ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 1	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	11 11¼	11⅛-11⅜	11½-11⅝	11⅝-11¾	11⅝-11¾	11⅝-11¾
U.S. Dollar	8¾-9	8¾-9	8⅞-9	8⅞-9⅛	9⅛-9¼	9⅝-9¾
Can. Dollar	9½-10¼	9¾-10¼	10¼-10½	10¼-10⅝	10¼-10⅝	10⅝-10⅞
D. Guilder	4⅜-4⅝	4⅜-4⅝	5-5¼	5⅛-5¼	5⅛-5⅜	5⅜-5⅝
S. Franc	2¼-2½	2¼-3	3⅝-3¾	3⅝-3¾	3¾-3⅞	3⅞-4
Deutschm'rk	5¼-5½	5¼-5½	5⅜-5½	5⅜-5½	5½-5⅝	5⅝-5¾
Fr'nch Franc	13½-14½	14-14½	15-15½	15½-16	15½-16	15½-16
Italian Lira	16-18	17¼-18¼	18¼-19¼	18¼-19¼	22-22¾	22-23
Belg. Franc Conv.	15-16	18¼-19	13¼-14¼	13¾-14¼	13⅞-14⅛	13⅞-14⅛
Fin.	18¼-19¼	18¼-19¼	18¼-19¼	18¼-19¼	13¼-14¼	13¼-14¼
Yen	6¼-6⅝	6¼-6⅝	6½-6⅝	6⅝-6¾	6⅝-6¾	6⅝-6¾
D. Krone	16-17	16-17	17-18	17¼-18¼	17½-18½	17-18
Asian $ (Sing.)	9⅛-9¼	9-9⅛	9⅛-9¼	9⅛-9⅜	9¼-9⅜	9⅝-10

FT LONDON INTERBANK FIXING

(11.00 a.m. FEBRUARY 1)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 9/16	offer 9 11/16	bid 9 13/16	offer 9 15/16

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8⅝-8⅞
Treasury bills (13-week)	8.12
Treasury bills (26-week)	8.23

GERMANY

Lombard	6.0
Overnight rate	6.0
One month	5.775
Three months	5.875
Six months	5.825

FRANCE

Intervention rate	12.375
Overnight rate	12.6875
One month	12.76
Three months	10.75
Six months	12.9625

JAPAN

Discount rate	5.5
Call (unconditional)	6.84375
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4½
Overnight rate	1¾-2
One month	3⅝-3¾
Three months	3¾-3⅞

NETHERLANDS

Discount rate	4½
Overnight rate	4⅞-5
One month	5-5⅛
Three months	5⅛-5¼
Six months	5¼-5⅜

$ CERTIFICATES OF DEPOSIT

One month	8.80-8.90
Three months	8.95-9.05
Six months	9.20-9.30
One year	9.50-9.70

LONG TERM EURO $

Two years	11-11⅛
Three years	11⅜-11½
Four years	11⅝-11¾
Five years	11¾-11⅞

SDR LINKED DEPOSITS

One month	9⅛-9⅜
Three months	9⅜-9⅝
Six months	9⅝-9⅞
One year	9⅞-10⅛

ECU LINKED DEPOSITS

One month	10⅝-10⅞
Three months	11⅛-11⅜
Six months	11⅛-11⅜
One year	11⅛-11⅜

FINANCIAL FUTURES

Volume improves

Volume rose quite sharply on the London International Financial Futures Exchange, after a very quiet and unsettled day on Monday. Trading was again rather nervous and uncertain, with foreign exchange movements dominating sentiment. The estimated U.S. Budget deficit presented to Congress on Monday came as no surprise, but now the figure has been published and fears about the latest Treasury refunding programme no longer overhangs the market, trading may return to a more normal pattern.

Firmer Eurodollar interest rates, and the weak overnight closing of Chicago, pushed the March Eurodollar price down to 90.20 at the opening, the lowest level of the day. But it soon recovered, touching a morning high of 90.35, before rising to 90.38 in the afternoon, and closing at 90.36, a fall of 6 points on the day.

Volume in the gilt pit was nearly double the previous day's level at 1,417, with the market continuing to be strongly influenced by the movements of sterling on the foreign exchanges. Cash market prices moved within a very narrow range, nervously watching the pound, but finished generally firm. In futures trading the March contract finished at 98-06, the highest level of the day, and a rise of 5/32 from the Monday close. The market opened very weak at 97-20, and fell to 97-18.

The recovery seemed to be inspired by a report from Kuwait that Gulf States are about to cut oil prices by $4 a barrel, removing some of the uncertainty about downward spiralling oil prices. Three-month sterling deposits for March delivery opened at the day's low of 88.55, reflecting nervousness about London interest rates, but recovered partially to 88.64, a fall of 12 points on the day.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.36	90.38	90.20	90.42
June	89.89	89.98	89.89	90.03
Sept	89.73	89.75	89.60	89.82
Dec	89.50	89.50	89.50	89.58
March	89.27	—	—	89.35

Volume 2,127 (685)
Previous day's open int 3,294 (2,252)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	88.64	88.70	88.55	88.76
June	89.01	89.12	88.96	89.15
Sept	88.97	89.05	88.95	89.12
Dec	88.97	89.00	88.97	89.10

Volume 1,334 (488)
Previous day's open int 2,650 (2,646)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	98-06	98-06	97-15	97-31
June	97-30	97-30	97-15	97-23
Sept	97-20	97-20	97-02	97-13

Volume 1,417 (791)
Previous day's open int 2,222 (2,261)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract +2/10 cum div. 14/22 ex div (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5213	1.5215	1.5115	1.5220
June	1.516/	1.5165	1.5105	1.5156

Volume 614 (281)
Previous day's open int 1,019 (978)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4080	0.4082	0.4046	0.4081
June	0.4115	0.4115	0.4098	0.4134

Volume 67 (27)
Previous day's open int 252 (250)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.5012	0.5012	0.4964	0.5020
June	0.5090	—	—	0.5098

Volume 125 (61)
Previous day's open int 287 (273)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4200	0.4200	0.4155	0.4187
June	0.4210	0.4210	0.4210	0.4215

Volume 230 (48)
Previous day's open int 211 (186)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	73-10	73-27	73-06	73-11
June	72-21	73-04	72-18	72-21
Sept	72-05	72-20	72-00	72-04
Dec	71-26	72-06	71-21	71-24
March	71-17	71-26	71-14	71-15
June	71-12	71-10	71-08	71-08
Sept	71-05	71-13	71-02	71-02
Dec	71-01	71-11	71-00	70-29
March	70-29	71-03	70-28	70-25
June	70-25	70-30	70-24	70-21

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.75	91.83	91.74	91.78
June	91.42	91.49	91.40	91.45
Sept	91.16	91.22	91.15	91.20
Dec	90.91	90.97	90.91	90.95
March	90.72	90.76	90.70	90.76
June	90.54	90.55	90.46	90.56
Dec	90.21	90.27	90.21	90.21

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.78	89.85	89.78	89.85
March	90.76	90.82	90.73	90.79
June	90.28	90.34	90.27	90.33
Sept	90.01	90.08	89.98	90.05

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.08	90.13	90.04	90.12
June	89.67	89.74	89.67	89.74
Sept	89.46	89.49	89.43	89.48
Dec	89.26	89.31	89.25	89.32
Feb	—	—	—	—

STERLING (IMM) $e per £

	Latest	High	Low	Prev
March	1.5170	1.5255	1.5170	1.5198
June	1.5125	1.5195	1.5105	1.5180
Sept	1.5040	1.5125	1.5040	1.5080
Dec	1.5050	1.5140	1.5080	1.5040
March	—	—	—	—
June	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	67-25	68-00	67-17	67-20
June	66-27	67-01	66-21	66-22
Sept	66-08	66-12	66-02	66-03
Dec	65-22	66-27	65-18	66-16
March	65-06	65-13	65-04	65-05
June	64-30	65-02	64-26	64-26
Sept	64-18	64-18	64-18	64-18
Dec	64-06	64-06	64-04	64-08
March	—	—	—	64-01
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

Authorised Units—continued

[illegible]

Insurances—continued

[illegible]

Offshore and Overseas—continued

[illegible]